



**REPORT**  
**OF THE**  
**COMMISSION OF INQUIRY**  
**INTO THE**  
**AFFAIRS OF**  
**THE BHARAT SEVAK SAMAJ**

**(VOLUME VII)**  
सत्यमेव जयते

*Chairman*  
**MR. JUSTICE J.L. KAPUR**

**GOVERNMENT OF INDIA**  
**MINISTRY OF AGRICULTURE**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
**NEW DELHI**  
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## OCCUPATIONAL THERAPY INSTITUTE ROUSE AVENUE

The record produced by the Ministry of Education and other Ministries is silent as to how this Institution was started but the statement of Mr. Brij Krishan Chandiwalla, Chairman, Delhi Pradesh Bharat Sevak Samaj is helpful in tracing its origin and history, and the background in which it was started. The relevant parts of his evidence on this point are as follows:

"I did not know anything about occupational therapy nor did I know anything about Polio. There is a gentleman, Seth Rameshwar Das, whose son had an attack of Polio and he was thereby handicapped. He used to take him to Bombay for occupational therapy and it became very expensive. There he met a gentleman, Mr. N. Swarup, who was working in the Institute and he asked Mr. Swarup to come over to Delhi and start work here and, as a matter of fact, he brought him. Seth Rameshwar Das and Mr. Swarup came to my house and told me of the project which they wanted to be started in Delhi. To me it appeared attractive and beneficial. I called a meeting of about 26 persons including doctors, surgeons, officials and representatives of Government Departments. Thereafter I wrote a letter to Mr. H.C. Sharma Chief Secretary of Delhi State, asking him for allotment of accommodation for a school for crippled and socially handicapped children. Before the meeting was held, we had approached Mrs. Indira Gandhi and Chaudhary Brahm Prakash who was then Chief Minister in the Delhi State. We were advised that the Bharat Sevak Samaj should take it up. If we left the matter to Government, it will take a long time to take shape. Dr. Sushila Nayar who was Health Minister in the Delhi Government was opposed to this scheme if it was to be worked by Mr. Swarup but Rajkumari Amrit Kaur who was Health Minister in the Central Government, approved of the

scheme. I then talked to Mr. G.L. Nanda who gave his full support. At that time he was a Minister in the Central Government.

Mr. Swarup wrote a letter to me on May 26, 1955, in which he stated that there was some opposition to the scheme of setting up a therapy institute and he asked me that I should get some accommodation as early as possible otherwise it will become difficult to get trained staff from the Bombay Training Centre. After that I wrote a letter to the Estate Officer on June 2, 1955 in which I stated that the Bharat Sevak Samaj had decided to open an occupational therapy institute and asked him for accommodation at Janpath Barrack No. 'A' which was lying vacant at the time. I also wrote to the Secreary, Ministry of Works, Housing and Supply on the same subject on the same date. I also wrote a letter to the Delhi Administration on January 5, 1956 in which I asked for land and accommodation to be given for the purposes of the therapy institute and a school for the affected children".

13.2 On June 2, 1955 Mr. Krishna Prasad, General Secretary of the Central Bharat Sevak Samaj wrote to the Secretary of the Ministry of Works & Housing requesting that accommodation be given for the Therapy Centre in Block 'A' of Queensway Barracks. He said in his letter that the Delhi Branch of the Bharat Sevak Samaj would find the necessary funds for its establishment and maintenance, which remained only a pious expectation.

13.3 On July 4, 1955 the Estate Office allotted the following accommodation to the Pradesh Convener, Bharat Sevak Samaj, Delhi:

Queensway Barracks, Block 'A' Dormitory No. H-9, Bays and one small room including the enclosed verandah on the Eastern side of the Barracks.

The allotment order specified that the service charges in respect of the accommodation would be charged from the Samaj as from the 8th day of the issue of the letter of allotment or the date of occupation whichever was earlier. Mr. Nirankar Swarup, now the Coordinating Director of the Institute requested Mr. Brij Krishan Chandiwalla to get some rooms (No. 68 to 71) and some other accommodation for the office of the Therapy Institute, and on the request of Mr. Chandiwalla further accommodation in Block 'A' was allotted for the occupational Therapy Centre on July, 1955 and September 2, 1955.

13.4 Soon after the allotment was made a Committee of management was formed by the Samaj to look after the Occupational Therapy Institute and the Council managing the Institute was designated "the Council for the Aid of the Crippled and the Handicapped". The President of this Committee was Mr. Hans Raj Gupta who subsequently became the Mayor of Delhi. Mr. Brij Krishan Chandiwalla was the Vice President and the Secretary was Mr. Madan Lal Sudhani. The objective of the Council was to help in the working of the Institute but under the auspices of the Bharat Sevak Samaj and even the emblem of the Samaj was used by this Committee.

13.5 In his statement before the Commission Mr. Nirankar Swarup, the Coordinating Director has given a different start to the constitution of the institution for the Aid of the Crippled and the Handicapped and stated that it was a separate body whatever that may mean.

13.6 The report of the Delhi Pradesh Samaj on the first Annual Function of the Institute which was held on May 10, 1957 shows that a training school in occupational therapy was started in November 1955 which was attached to the Institute and a Residential Sec-

tion was started in July 1956. In 1960 a Physio Therapy Institute was also started but under the auspices of the Bharat Sevak Samaj which was also affiliated to the Institute. This new Institute was started for providing courses of study for Physio Occupational Therapists and it was going to be diploma course for the students and trainees. Further a Sheltered Workshop was started under the auspices of the Samaj for fabricating artificial limbs and also for providing facilities for training and employment of the physically handicapped. This was done in the year 1961-62. Upto the year 1966 all these three institutions attached to the Institute functioned under the auspices of the Samaj with a separate Council for the aid of the Crippled and the Handicapped to control those activities, but on March 21, 1966 the Council for the Aid of the Crippled and the Handicapped, New Delhi was registered as a separate body. Who the signatories to the registration formalities were is not shown by the record. But it may be stated that during the period the Institute and the new institutes attached thereto were under the auspices of the Bharat Sevak Samaj. it was the Samaj which applied to Government for grants for these institutes and grants were sanctioned in the name of the Samaj in some cases and sometimes directly in the name of the Institutes. Affidavits filed by the various Ministries of the Central Government and the Delhi Administration set out the grants given by the various Ministries and the Delhi Administration for the purposes of the Occupational Therapy Institute, the Physio Occupational Institute, the Sheltered Workshop, the Occupational Therapy Institute Residential Section and the Building Sections of the Occupational Therapy Institute. The grants made or given were as follows:

#### OCCUPATIONAL THERAPY INSTITUTE

Year	Recurring grants	Rs.	Non-recurring grants	Rs.
1955-56	—		Ministry of Education ..	3,000·00
1956-57	Ministry of Education ..	3,000·00		
	Central Social Welfare Board ..	3,000·00		
1957-58	Ministry of Education ..	9,000·00	Ministry of Health ..	10,000·00
			Ministry of Education ..	6,180·00
				<hr/> 16,180·00 <hr/>

OCCUPATIONAL THERAPY INSTITUTE—*contd.*

Year	Recurring grants	Rs.	Non-recurring grants	Rs.
1958-59	Delhi Administration .. ..	5,500·00		
	Central Social Welfare Board ..	5,000·00		
		<u>10,500·00</u>		
1959-60	Delhi Administration .. ..	8,000·00	Ministry of Health ..	10,000·00
	Central Social Welfare Board ..	5,000·00		
		<u>13,000·00</u>		
1960-61	Ministry of Education .. ..	15,982·00	Delhi Administration ..	12,000·00
	Central Social Welfare Board ..	5,000·00	Ministry of Health ..	10,000·00
		<u>20,982·00</u>		<u>22,000·00</u>
1961-62	Ministry of Home Affairs ..	5,000·00	Delhi Administration ..	6,500·00
	Delhi Administration ..	40,000·00		
	Ministry of Education ..	14,495·00		
		<u>59,495·00</u>		
1962-63	Ministry of Works Housing and Rehabilitation .. ..	500·00	Delhi Administration ..	7,000·00
	Delhi Administration ..	50,345·00	Ministry of Health ..	10,000·00
		<u>50,845·00</u>		<u>17,000·00</u>
1963-64	Delhi Administration .. ..	63,294·00	Delhi Administration ..	7,000·00
1964-65	Delhi Administration .. ..	70,228·00	Ministry of Health ..	5,000·00
			Delhi Administration ..	10,650·00
				<u>15,650·00</u>
1965-66	Delhi Administration .. ..	1,46,278·00	Delhi Administration ..	10,000·00
		<u>4,49,622·00</u>		<u>1,07,330·00</u>
	Total ..			

**PHYSIO OCCUPATIONAL THERAPY INSTITUTE**

Year	Particulars of Grants-in-aid	Rs.	Remarks
1960-61	Ministry of Railways .. ..	2,000	Recurring
1962-63	Ministry of Health .. ..	12,000	Non-recurring
1963-64	Do. .. ..	20,000	Do.
1965-66	Do. .. ..	25,000	Do.
	Total .. ..	59,000	

**SHELTERED WORKSHOP**

Year	Recurring grant	Rs.	Non-Recurring	Rs.
1962-63	Ministry of Education .. ..	20,360.00	Ministry of Education .. ..	33,850.00
1963-64	Do. .. ..	35,325.00	Ministry of Health .. ..	10,000.00
1964-65	Do. .. ..	89,309.00		
1965-66	Do. .. ..	1,42,255.00		
		2,87,249.00		43,850.00

**RESIDENTIAL SECTION**

Year	Particulars of Grant-in-aid	Rs.	Remarks
1962-63	Delhi Administration .. ..	15,480	Recurring
1963-64	Delhi Administration .. ..	6,000	Do.
1964-65	Delhi Administration .. ..	10,134	Do.
1964-65	Central Social Welfare Board ..	9,000	Do.
1965-66	Delhi Administration .. ..	13,000	Do.
	Central Social Welfare Board ..	13,500	Do.
		67,114	

## BUILDING SECTION

Year	Particulars	Amount
		Rs.
1960-61	Grant from Prime Minister's Relief Fund .. .. .	10,000
1961-62	Ministry of Rehabilitation .. .. .	25,000
	Central Social Welfare Board .. .. .	7,500
1965-66	Central Social Welfare Board .. .. .	7,500
	Department of Social Welfare .. .. .	75,000
	<b>Total</b>	<b>1,25,000</b>

## MEDICAL TOUR ABROAD

Year	Particulars	Amount
		Rs.
1963-64	1. Discretionary funds of the Prime Minister .. .. .	5,000.00
Do.	2. Prime Minister's Women and Children Welfare Fund .. .. .	5,000.00
Do.	3. President of India .. .. .	2,000.00
Do.	4. Ministry of Education .. .. .	7,000.00
Do.	5. Ministry of Health .. .. .	10,000.00
	<b>Total</b>	<b>29,000.00</b>

13.7 In a consolidated statement of accounts of the Bharat Sevak Samaj Delhi Pradesh from May 1952 to March 1965 the receipts and payments on account of the Occupational Therapy Institute have been shown as follows:

(i) Contributions	9,77,042.62
(ii) Grant-in-aid	7,25,132.00
<b>Total</b>	<b>17,02,174.22</b>
(iii) Total payments	19,64,022.55
(iv) Credit Balance	45,281.98
(v) Debit Balance	3,07,129.91
	2,61,847.93

**The relationship between the Occupational Therapy Institute and the Bharat Sevak Samaj**

13.8 As to what the relationship between the Occupational Therapy Institute and the Bharat Sevak Samaj has become a matter

of controversy. Mr. Nirankar Swarup, the Coordinating Director of the Council for the Aid of the Crippled and Handicapped in his evidence before the Commission stated that the Occupational Therapy Institute with its sister institutes was an independent body and not a branch of the Bharat Sevak Samaj. To quote his evidence:

"..... but I would emphasise again that our Institute was not a branch of the Bharat Sevak Samaj but was an independent body run by the Council for the Aid of Crippled and Handicapped. It may be that the Bharat Sevak Samaj wanted to take credit for running this institution but it was really an independent body run by the Council and if the Samaj wanted to get credit for it, it was up to them to do what they thought and it is for the Commission to decide whether they had any claim to it or not".

13.9 The evidence of Mr. Chandiwala, Chairman of the Delhi Pradesh Bharat Sevak Samaj contradicts this. He stated that the Bharat Sevak Samaj applied to Government for the accommodation of the Occupational Therapy Institute and after the allotment of accommodation the Samaj formed a committee for the working of the Occupational Therapy Institute whose officers were, as has already been given Mr. Hans Raj Gupta, President, Mr. Brij Krishan Chandiwala, Vice-President, and Mr. Madan Lal Sudhani, Secretary. The object of forming this Committee was to help the Samaj in the working of the Institute but it did not mean that the control and ownership of the Institute had passed to that Committee, and further the purpose was to decentralise the work as much as possible. He also stated that the applications for the grants were made by the Samaj and grants in some years were received by the Samaj and passed through their accounts and in some other years even the cheques were drawn in the name of the Samaj but they were endorsed in favour of the Institute for encashment. Further, monies used to be advanced by the Samaj to the Institute. Mr. Chandiwala then explained that they described the Occupational Therapy as "under the auspices of the Bharat Sevak Samaj" as a device for decentralisation of work but this activity was an integral part of the Samaj and had been included in its accounts particularly in the consolidated statement of accounts for the period 1952 to 1965. He also stated that it was at the request of the Samaj that one acre of land in Rouse Avenue was allotted for the purpose of the Occupational Therapy Institute and the Samaj paid the premia. The premium and ground rent amounting to Rs. 6,424.86 for Plots No. 10 and 10-A meant for the building of the Occupational Therapy Institute was paid by the Delhi Pradesh Bharat Sevak Samaj on July 13, 1964.

13.10 Mr. Nirankar Swarup also produced the records of the Occupational Therapy Institute and some records were also produced by the Ministries that sanctioned grants for the Occupational Therapy Institute. These documents show that:

- (1) In the letter-heads of the Occupational Therapy Institute and its sister institutions it is described as under the auspices of the Bharat Sevak Samaj Delhi Pradesh and the emblem of the Bharat Sevak Samaj was utilised in all the letters and on the

letter heads, in the prospectus and in the Admission forms.

- (2) The applications for the allotment of the Barracks in Janpath Lane for the purposes of the Occupational Therapy Institute were made by Mr. Brij Krishan Chandiwala, Delhi Pradesh Chairman of the Bharat Sevak Samaj and the allotment of these Barracks was made in favour of the Bharat Sevak Samaj for the purposes of the Occupational Therapy Institute.
- (3) The applications for grants for the Occupational Therapy Institute and sister institutions were made by the Convenor of the Delhi Pradesh Bharat Sevak Samaj in the earlier years and the sanctions were also issued in favour of the Bharat Sevak Samaj for the purposes of the Occupational Therapy Institute.
- (4) In all the applications made for grants up to the year 1965-66 it has been mentioned that the parent body was the Bharat Sevak Samaj which was registered under the Societies Registration Act.
- (5) The Council for the Aid of Crippled and Handicapped was registered as a separate body only on March 21, 1966 and till that date only the Bharat Sevak Samaj was the registered body which as a persona could have received grants.
- (6) Land on Rouse Avenue for the construction of the building was applied for by the Bharat Sevak Samaj and was allotted to the Bharat Sevak Samaj for the purpose of constructing a building for the Occupational Therapy Institute.
- (7) The ledgers of the Delhi Pradesh Bharat Sevak Samaj show that the grants were received by them during the years 1955, 1956 and 1957 for the Occupational Therapy Institute and monies were advanced from time to time to the Occupational Therapy Institute.
- (8) Up to the year 1965-66 monies were advanced by the Bharat Sevak Samaj, Delhi Pradesh, for the Occupational Therapy Institute and on March 31, 1966 the books of the



Delhi Pradesh Bharat Sevak Samaj showed that an amount of Rs. 24,276.85 was outstanding against the Occupational Therapy Institute.

- (9) The Bharat Sevak Samaj has included the accounts of the Occupational Therapy Institute in the Consolidated statement of Accounts which they have prepared for the Delhi Pradesh Bharat Sevak Samaj from 1952 to 1965.

13.11 From all these it is evident that the Occupational Therapy Institute was started as an activity of the Bharat Sevak Samaj, Delhi Pradesh and was run and essentially managed by the Samaj as one of its activity.

13.12 As far as the evidence, direct and circumstantial, is concerned, it all leads to support the claim of the Samaj. Mr. Brij Krishan Chandiwalla's statement is straight forward but one cannot say the same about Mr. Nirankar Swarup and even without the aid of circumstances the statement of Mr. Chandiwalla must be preferred to any statement of Mr. Swarup to the contrary.

13.13 The matters relating to allotment of land for Occupational Therapy Institute on Rouse Avenue and the user of the Barracks standing on those plots for the purposes of a private college and for the purposes of the construction activities of the Samaj have been discussed in the Chapter "Lands and Buildings allotted to the Bharat Sevak Samaj by the Land & Development Officer, New Delhi". It is not therefore necessary to discuss them here.

#### **Utilisation of grants for the construction of the Occupational Therapy Institute building.**

13.14 Three plots on Rouse Avenue Lane Nos. 9, 10 & 10-A were allotted to the Delhi Pradesh Bharat Sevak Samaj for the construction of its office and for the construction of Occupational Therapy Institute; the first (No. 9) was allotted on May 7, 1957 and the latter two on November 12, 1958. Plot No. 9 on the Rouse Avenue Lane was for the purpose of the office of the Samaj and plots Nos. 10 and 10-A were for the construction of the Occupational Therapy Institute. In the order of allotment of plot No. 9 it was stated that the barracks would be demolished before the land was handed over to the Samaj but there was no such mention in the allotment order for the Institute. However these barracks were not demolished in terms of the allotment order.

13.15 On October 2, 1960, the Convener of the Delhi Pradesh Samaj made an application to the Central Social Welfare Board for the grant of Rs. 15,000/- for the construction of their Institute building which was estimated to cost Rs. 6,20,446/-. They enclosed the plans and estimates for the building. This money was sanctioned but the first instalment of Rs. 7,500/- was released on April 29, 1961 and the second instalment of alike amount on March 18, 1966.

13.16 In the year 1960-61, the Samaj received a grant of Rs. 10,000/- from the Prime Ministers' Relief Fund for the construction of the building. When it was made available is not shown by the record. The Prime Minister's Secretariat have not produced the necessary record. During the same year one Mr. Ram Narain Kalra donated Rs. 25,000/- for building, as stated by Mr. Brij Krishan Chandiwalla, a prayer hall, as a part of the Institute building.

13.17 Mrs. Savitri Nigam, then an M.P. and Secretary of the Congress party in Parliament on behalf of the Institute made an application to Mr. Mehr Chand Khanna, Minister for Rehabilitation for the grant of Rs. 4 lakhs for the construction of the building, and enclosed a copy of the plan; the estimated cost, according to that was Rs. 10.00 lakhs. On October 9, 1961 the Minister for Rehabilitation visited the Occupational Therapy Institute on the invitation of Mrs. Nigam and ordered the Deputy Secretary and the Deputy Finance Adviser to visit the Institute in order to suggest the quantum of grant to be given to it. On December 26, 1961 the Rehabilitation Ministry sanctioned a non-recurring grant of Rs. 25,000/- to the Institute for its building. It was to be utilised during one year of the allotment. During all these years therefore grants received for construction purpose amounted to Rs. 50,000/- and there was the donation of Mr. Kalra of Rs. 25,000/-.

13.18 It is not clear to the Commission as to how the Ministry of Rehabilitation which was for the purpose of rehabilitating the displaced persons from what became Pakistan, gave a sum of Rs. 25,000/- for an object which could hardly be relevant to the rehabilitating of displaced persons unless the Ministry was also to look after the disabled and the mentally sick.

13.19 The records of the Occupational Therapy Institute do not show that any separate account was maintained for the building fund for the years 1960-61 and 1961-62.

Evidently all monies including grants for construction were merged and out of those amounts Rs. 50,000/- was kept in Fixed Deposit Account in the name of the Delhi Pradesh Bharat Sevak Samaj, showing the close association of the Samaj with the Institute.

13.20 The audited accounts of the Building Section maintained separately for the years 1962-63 and 1963-64 have been produced before the Commission but not for the year 1965-66 although the ledger for that year has been produced. All the above accounts show the receipts and the utilisation of grants and donations to be as follows:—

Year	Opening Balance	Receipts grants donations interest etc.	Total	Expenditure during the year	Unspent balance at the end of the year	Remarks
1	2	3	4	5	6	7
1960-61	Nil	35,000.00	35,000.00	Nil	35,000.00	Grants from the Prime Minister's Relief Fund Rs. 10,000 donations from Mr. R.N. Kalra Rs. 25,000 Total Rs. 35,000.
1961-62	35,000.00	33,205.02	68,205.02	1,000.00	67,205.02	Grant from Rehabilitation Ministry Rs. 25,000, grant from Central Social Welfare Board Rs. 7,500 interest at Rs. 705.02 Total Rs. 33,205.02. The expenditure of Rs. 1,000 was on building plan.
1962-63	67,205.02	5,780.33	72,985.35	27,562.70	45,422.65	
1963-64	45,422.65	1,807.33	47,229.98	7,040.07	40,189.91	Interest and the misc. receipts. Rs. 1,807.33.
1964-65	40,189.91	82.90	40,272.81	9,950.00	30,322.81	The cost of construction does not include cost of land.
1965-66	30,322.81	11,330.36	41,653.17	2,305.22	38,347.95	Receipts of Rs. 11,330.36 consists of 1. donations Rs. 2,770.00 2. interest on Fixed Deposit Rs. 1,060.36 and 3. Grant from the Central Social Welfare Board Rs. 7,500.

13.21 The grants were given by the Ministry of Rehabilitation and the Central Social Welfare Board for the construction of the building, the plans and estimates of which had been submitted by the Samaj first and then by the Occupational Therapy Institute Council. But the details of the expenditure given in those accounts show that the expenditure was incurred for renovations and repairs of the barracks existing on the Rouse Avenue plots. The expenditure as a matter of fact had been incurred by the Delhi Pradesh Bharat Sevak Samaj and they had sent those accounts to the Occupational Therapy Institute which are as follows:—

1958-59	Rs.
Cost of first barrack .. ..	4,450.00
Cost of 2nd Barrack .. ..	3,400.00
Cost of one barrack for J.D. College .. ..	5,530.69
	<hr/> 13,380.69
 1960-61	
Cost of material for J.D. College	732.65
Cost of material for J.D. College	4.17
Cost of material for J.D. College	398.93
Cost of Sanitary fittings	324.25
Cost of repairs .. ..	494.84
Cost of Labour .. ..	79.00
	<hr/> 2,034.84
 1961-62	
Cost of labour of J.D. College ..	1,909.90
 1962-63	
Cost of Labour of J.D. College ..	341.32
 Grand Total .. ..	<hr/> 17,666.75

13.22 The grant given by the Ministry of Rehabilitation was to be expended within one year from the date of its release and it was drawn in the month of January 1962 and therefore it should have been expended by January 1963 but only Rs. 1,000/- was expended on the building plan during 1961-62 and during 1962-63 a further amount of Rs. 27,562.70 was spent on renovation and repairs of barracks and the unspent balance with the Occupational Therapy

Institute on account of the Building Fund was Rs. 45,422.15 and in spite of this much unspent balance, the utilisation certificate was issued by the Ministry of Rehabilitation on October 12, 1966 stating that the full grant was utilized and there was no unspent balance which was to be surrendered to the Government.

13.23 The grant by the Central Social Welfare Board of Rs. 15,000/- was paid in two equal instalments on April 29, 1961 and March 18, 1966 but before the second instalment was paid, the Occupational Therapy Institute on October 22, 1965 sent a certificate signed by their Architect certifying that the total cost of construction and extension of building was Rs. 15,593.60 but at the end of 1964-65 there was an unspent balance of Rs. 30,322.81 with the Occupational Therapy Institute. On March 31, 1966 the unspent balance was Rs. 38,347.95 as shown by the ledgers and there are no books of accounts produced relating to the period after that date nor have any audited accounts been produced.

13.24 As regards the grant from the Prime Minister's Fund there are no records about the sanction or about the accounts dealing therewith. It is difficult to say therefore as to what account was rendered for that amount and how it was utilised for the purposes for which it was intended.

13.25 Further, in these grants there was a specific condition that they were to be utilised for the purposes of construction of the building of the Occupational Therapy Institute but a sum of Rs. 50,000/- was invested in Fixed Deposit and that also in the name of the Bharat Sevak Samaj, Delhi Pradesh during the year 1961-62 and during the subsequent years the balances of this deposit were as follows:

	Rs.
As on 31-3-1963 .. ..	25,870.48
As on 31-3-1964 .. ..	26,781.77
As on 31-3-1965 .. ..	27,846.63

The interest earned on this Fixed Deposit was also added to the Building Fund.

13.26 The books of accounts of the Occupational Therapy Institute show that no separate accounts were kept for these grants but as has been stated above, they were merged with other balances.

13.27 Therefore, there is no means of checking as to whether conditions of grant were complied with or not except that no building as shown in the plan was begun or constructed even partially.

#### **Bills unpaid in the accounts of the Building Section.**

13.28 The audited Receipts and Payments accounts and the balance sheets of the Occupational Therapy Institute for the years 1962-63 to 1964-65 show that large amounts were outstanding on account of unpaid bills of the Building account and these were payable to the Delhi Pradesh Bharat Sevak Samaj. The amounts at the end of each year were as follows:

	Rs.
31-3-1963 .. .. .	17,666.75
31-3-1964 .. .. .	17,666.75
31-3-1965 .. .. .	22,707.58

13.29 There was also an amount of Rs. 9,950/- which was payable to the Bharat Sevak Samaj Technical Training Institute on March 31, 1965. Although these bills were unpaid, utilization certificates in connection with the construction of buildings were given by the Ministries which had given the grants.

13.30 The Occupational Therapy Institute has not produced audited accounts of the Building Section after March 31, 1965 and it cannot therefore be ascertained as to how much of these liabilities were paid off. The statement filed by Mr. Nirankar Swarup, Coordinating Director of the Occupational Therapy Institute on July 27, 1970 shows the total amount due to the Samaj as on July 15, 1970 was Rs. 32,232.85 which included the cost of land paid by the Samaj and on the construction of the barracks after adjusting certain claims of the Institute against the Samaj on account of the rent collected for the barracks, amounting to Rs. 17,500/-.

13.31 Mr. Brij Krishan Chandiwalla on November 30, 1972 filed a statement showing the amount that the Delhi Bharat Sevak Samaj had invested in connection with the plots on the Rouse Avenue which come to Rs. 72,573.01. Besides this, he has mentioned the donation of Rs. 25,000/- from Mr. Ram Narain

Kalra for building a prayer hall. This account filed by Mr. Chandiwalla is as follows:

	Rs.
1. Cost of plot No. 9 (about 0.55 acres allotted on 15-1-65 for office purposes to Bharat Sevak Samaj Delhi Pradesh) .. .. .	19,800.00
Ground rent paid upto 14-7-68 .. .. .	3,465.00
Registration charges .. .. .	8.82
Preparation charges of the lease deed .. .. .	30.00
2. Cost of land plot Nos. 10 and 10-A for Jawaharlal Nehru Institute Area about 1 Acre .. .. .	5,000.00
Ground rent from 17-12-58 to 14-7-65 .. .. .	1,844.00
Preparation charges of lease deed .. .. .	30.00
Constructions on the above two plots. {	17,686.75
	9,950.00
3. Construction of sheds and building for Technical Training Institute on Plot No. 9 .. .. .	11,703.99
4. Cost of furniture left by T.T.I. with the said institute .. .. .	3,054.45
Total .. .. .	72,573.01

13.32 Mr. Nirankar Swarup, the Coordinating Director of the Institute has denied the correctness of these figures and states that they had no responsibility for any rent paid by the Samaj to the Government upto July 14, 1968. About the second item relating to plot Nos. 10 and 10-A, he has stated that the construction costs on the above plots were adjusted against amounts due to the Institute. As to item No. (3) Mr. Swarup replied that previously the cost was stated to be Rs. 6,300/- only. As regards item (4) he denies the existence of any furniture. He then goes on to state that Rs. 6,300/- which is outstanding, should not be charged to the crippled and the unfortunate children who are being helped in the Institute. As regards the donation for the prayer hall, he has stated that the Samaj has got nothing to do with it.

13.33 There are disputes *inter se* between the Samaj which claims to have started the Occupational Therapy Institute and got all the grants and therefore entitled to treat it as a part of its activities and the management of the Institute, which wants to have nothing to do with the Samaj. This is really not relevant to the issues before the Commission excepting to the extent of utilisation of grants,

13.34 The accounts given by Mr. Brij Krishan Chandiwala and copies of the reply of Mr. Nirankar Swarup are given at the end of this chapter.

13.35 The accounts of the Building Section show that out of the building grants, moneys have been used for the day-to-day running of the Occupational Therapy Institute and the amounts outstanding in the Building Section accounts were as follows:

	Rs.
31-3-1963 .. .. .	14,345-15
plus	4,306-00
31-3-1964 .. .. .	5,869-71
31-3-1965 .. .. .	53,328-56

13.36 As has been mentioned earlier the grants received for the construction of the building were merged with the General Fund and the balance-sheet as on March 31, 1965 shows the amount due from the Occupational Therapy Institute to the Building Section to be Rs. 53,328.56 which also shows that the amount of Rs. 25,000/- which was given for the construction of a prayer hall has been used for the general expenses of the Occupational Therapy Institute.

#### Deficit grants given to the Institute and its Residential Section.

13.37 The Occupational Therapy Institute was functioning under that name from 1955 to 1965. In 1965 its name was changed to Jawaharlal Nehru Institute of Physical Medicine and Rehabilitation. The grants which the Institute got up to the year 1960-61 from the Social Welfare Department of the Government of India and the Delhi Administration had no pattern prescribed and the grants were given on an *ad hoc* basis. In November 1961, 95 per cent of the net deficit on the maintenance of establishment and contingencies was given by the Government of India and from the year 1961-62 it was the Delhi Administration which sanctioned and paid all the grants.

13.38 An application form of a comprehensive nature was prescribed for getting the grants-in-aid which was filled in by other institutions from the year 1962-63 but the Occupational Therapy Institute did not do so even though it was specifically asked to do so by the Director of Social Welfare under Delhi Administration, and after discussion

between the Chief Commissioner and the representatives of the Institute, the grants were sanctioned without insisting on the application in the prescribed form. In the year 1963-64 also, no application in the prescribed form was made by the Institute. The form required the applicant for the grant-in-aid to give details of the number of inmates average expenditure per inmate and other relevant data about the financial position and the number of beneficiaries of the Institute.

13.39 The Delhi Administration found that the Institute was extending its activities without their approval and the grant-in-aid was asked every year on the basis of inflated estimates of expenditure which had no relevance to the actual expense of the previous year. The expenditure also showed an upward trend in regard to the establishment charges and the Delhi Administration found that the Institute was appointing staff on a lavish scale compared to the institutions run by the Administration itself. It found that scales of pay of various posts had been revised; and new posts had been created without the approval of Government. In spite of all this the grants were continued in favour of the Institute. The Institute asked for grants at a later stage to cover all its accumulated deficits.

13.40 The audited statement of accounts for the years 1961-62 and 1962-63 submitted by the Institute show that the grants paid in excess amounted to Rs. 17,939.50 as shown below:

Year	Entitlement as per approved pattern on the basis of audited statement of the previous year	Actual grant paid	Excess or short grant
	Rs.	Rs.	Rs.
1961-62	21,329-73	40,000-00	+18,670-27
1962-63	51,705-77	50,345-00	-730-77

13.41 The Delhi Administration while giving the grants for the year 1963-64 decided to deduct the excess grant above mentioned

before releasing the grant for the year 1963-64. At the instance of the Chief Commissioner the matter was reviewed and it was decided to recover the grant in two equal instalments of Rs. 8,970/- each.

13.42 In 1964-65 it was discovered that the expenditure on the establishment for the year 1963-64 showed an increase of about 25 per cent over that of the year 1962-63 and without the approval of the Government additional staff had been appointed. The Finance Secretary of the Delhi Administration reconsidered the case fearing that the representation would be made to the Chief Commissioner for reconsideration and therefore he recommended an increase in expenditure of about 7-8 per cent as compared to the expenditure of the previous year. He also suggested to deduct Rs. 11,000 which was the unspent balance of the European tour of the handicapped children undertaken at the instance of the Institute and also that the excess of income over expenditure amounting to Rs. 9,677.18 in respect of the residential section for the year 1962-63, should be taken into consideration while sanctioning grants for the year 1965-66. Finally on the February 26, 1965 a sum of Rs. 21,478.00 was sanctioned.

13.43 This, however, did not satisfy the Secretary of the Institute Mrs. Savitri Nigam and on March 8, 1965 she wrote to the Chief Commissioner for a more liberal grant, and on the same day the matter was discussed between her and the Chief Commissioner and the officials of the Delhi Administration and a further grant of Rs. 10,000 was sanctioned, half for the Occupational Therapy Institute and the other half for its residential section.

13.44 In the year 1965-66, the Institute made a representation to the Union Finance Minister and at his instance a meeting was held of the representatives of the various Ministries and of Delhi Administration on March 19, 1966. The Secretary of the Finance Ministry also visited the Institute on February 23, 1966 and it was decided that a grant should be paid to the Institute to wipe out the deficit of Rs. 1,66,030.00; this was of the Institute; and another Rs. 20,766/- which was the deficit of the residential section. Thus instead of 95 per cent it was decided to pay the entire deficit.

13.45 The Examiner of Local Fund Accounts of the Delhi Administration conducted a detailed examination of the accounts of the Institute and its residential section and he

found that certain fictitious liabilities had been included and certain reserve funds were shown as created which were not real liabilities. The Administration therefore sanctioned a deficit grant of Rs. 61,587.00 as against the claim of Rs. 1,91,796.73. Deficits, however, continued to accumulate. In the year 1970, the Institute approached the Minister of Law and Social Welfare Mr. Hanumanthaiya for further grants and he accompanied by Mr. Nitiraj Singh Choudhary, Minister of State for Petroleum and Chemicals visited the Institute and a note was submitted to him on October 7, 1970 by Mr. Nirankar Swarup setting out the difficulties of the Institute. It was forwarded by Mr. Nitiraj Singh Choudhary to the Minister for Social Welfare on October 7, 1970 with a suggestion of making the Occupational Therapy Institute a national institute. Mr. Nirankar Swarup had also complained that even though a decision had been taken to pay the full amount of deficit upto the year 1965-66 the full deficit had not been paid in subsequent years and he claimed a deficit upto the year 1968-69 of Rs. 2,90,626.02. Unfortunately the Institute authorities have not stated the amount of deficit upto the year 1965-66 i.e. upto the time it was under the auspices of the Bharat Sevak Samaj.

13.46 Another meeting was held on December 30, 1970 in the Department of Social Welfare. The representatives of the Ministry of Finance, Delhi Administration and Mr. Nirankar Swarup were present. The Delhi Administration expressed its inability to sanction the claim made by the Institute as it was outside the ambit of the rules governing grants to institutions for the handicapped in the capital already approved by the Government of India. It was therefore considered that the request of the Institute should be treated on an ad-hoc basis, and it was decided that an accurate assessment of the deficits of the Institute upto the year 1970-71 should be made by the Delhi Administration.

13.47 The Examiner of Local Fund Accounts of the Delhi Administration examined the deficit of the Institute and of the residential section upto the year 1970-71 taking into account the real liabilities of the Institute and recommended the payment of a deficit grant of Rs. 3,69,605.22. On December 29, 1971 the amount was sanctioned and was paid, the total being Rs. 3,69,605.22. This was for the net deficit of the Institute and of the net deficit of the residential section of the Institute upto March 31, 1971.

13.48 The office of the Commission has worked out the excess payments made to the Institute and to its residential section to be Rs. 4,049.75 and Rs. 1,983.18. Full details of the income and expenditure are as follows:

*Excess payment or the Occupational Therapy Institute*

Rs.

(i) Total expenditure upto the year 1970-71 .. .. . 22,15,416.50

(ii) Total income upto the year 1970-71 .. .. . 8,65,049.83

(iii) Total deficit upto the year 1970-71 .. .. . 13,50,366.67

(iv) Grants-in-aid including deficit grant received by the Institute from the sources including Delhi Administration .. 13,54,416.42

(v) Excess grant .. .. . 4,049.75

*Excess payment in respect of the Residential Section of the Occupational Therapy Institute*

Rs.

Total expenditure .. .. . 14,39,084.23

Total Income .. .. . 10,13,066.66

Deficit .. .. . 4,26,017.62

Grants paid .. .. . 23,36,614.00  
1,91,386.80

4,28,000.80

Deficit .. .. . 4,26,017.62

Excess grant .. .. . 1,983.18

13.49 The records show that in respect of the residential section the approved pattern of assistance was Rs. 15 per child per mensum or 50% of the expenditure whichever was less. From the year 1964-65 another condition was added that assistance from the Delhi administration would only be paid in respect of those

children the income of whose parents was less than Rs. 300 per mensum. Worked out on this basis the grants which should have been paid and which have been paid are as follows:—

Year	Total number of Children	Number of Children whose parent's income was upto Rs. 300 p.m.
1961-62	86	Figures not available
1962-63	120	Do.
1963-64	125	Do.
1964-65	173	77
1965-66	170	75
1966-67	180	108
1967-68	176	122
1968-69	177	124
1969-70	176	125
1970-71	177	122
	1,560	753

If the grant is worked out on the basis of the pattern of assistance approved by the Administration there is an excess payment of Rs. 1,47,200.80 as follows:

	Rs.
1. Grant admissible for 1560 children at Rs. 180 per annum	2,80,800.00
2. Grant actually paid from 1961-62 to 1970-71 .. .. .	4,28,000.80
3. Excess grant paid .. .. .	1,47,200.80

13.50 If the condition of payment of assistance in the case of children whose parents' income was not more than Rs. 300 p.m., is

taken into account, the figures would work out as follows:—

Year	No. of inmates for whom assistance is admissible	Rs.
1961-62	.. .. .	86
1962-63	.. .. .	12
1963-64	.. .. .	125
1964-65	.. .. .	77
1965-66	.. .. .	75
1966-67	.. .. .	108
1967-68	.. .. .	122
1968-69	.. .. .	124
1969-70	.. .. .	125
1970-71	.. .. .	122
		1,084

Assistance admissible for 1084 children at Rs. 180 per child per annum	.. .. .	1,95,120-00
Grant Paid	.. .. .	5,28,000-80
Excess grant paid	.. .. .	2,32,880-80

Therefore the grant actually paid in excess would come to Rs. 2,32,880.80

13.51 Another matter which might be mentioned is that at an earlier stage the Occupational Therapy Institute was to be paid by the Delhi Administration 95% of the deficit but the Occupational Therapy Institute incurred expenditure in excess of the approved pattern on its staff and establishment and a large deficit followed and ultimately in 1971 deficit grants to cover the entire deficit from 1955 onwards were agreed to. Of course, it is a matter entirely for the Government to see the propriety or otherwise of meeting deficits which arise out of the expenditure which is in excess of allowed expenditure but the fact remains that this deficit accumulated as was stated by the Examiner of Local Funds of the Delhi Administration, on account of inflated figures, and it also appears that there is no financial discipline prescribed for this Institute which might be and perhaps is doing a lot of

good but taking all that into account some financial discipline is necessary in order to protect public funds.

13.52 The audited Income Expenditure account and the Balance sheet of the Council for the Aid of Crippled and the Handicapped from the year 1966-67 show that upto March 31, 1971 a sum of Rs. 75,500 was collected as Children Guarantee Fund. While working out the deficit this Guarantee Fund does not appear to have taken into account. Mr. Nirankar Swarup in his evidence before the Commission stated that he had started a scheme by which a parent could pay Rs. 15,000 and his child was to be looked after upto the period he was in the Institute which might extend to the whole of his life. As to what happened to that Fund and how it was expended on the children whose parents had paid it, has not been shown in any account filed or in any statement made before the Commission. Mr. Nirankar Swarup was asked to produce the accounts relating to this Children Guarantee Fund and how expenses of those children covered by it were incurred by those accounts have not been produced.

13.53 The Statement showing details of the income of the Occupational Therapy Institute from all sources and the expenditure incurred thereon is contained in Table 13-A which is given at the end of this chapter and a similar statement for the residential section is contained in Table 13-B, which is also attached at the end of this chapter.

#### Grant of Rs. 2,000 by the Northern Railway

13.54 In the year 1961-62 the Northern Railway gave a grant of Rs. 2,000 to the Bharat Sevak Samaj out of the Central Staff Welfare Fund in the nature of an *ad hoc* grant. No utilisation was asked for but it appears that the application made by the Samaj was for the construction of the building for the Occupational Therapy Institute. A representation was made to the Ministry of Railways that the Occupational Therapy Institute wanted to raise a building which would cost Rs. 9.00 Lakhs and it was after this that the grant was made for Rs. 2,000, and the amount was paid to the Pradesh Convener, Bharat Sevak Samaj, Delhi Pradesh. Although it was not specifically stated, the object seemed to be an *ad hoc* grant for the building fund.

13.55 The income and expenditure account of the Institute for the year ending March 31, 1962 shows that the total expenditure was



Rs. 4,576.60 and the total income in the year was 3,948.00. This did not include Rs. 2,000 sanctioned by the Northern Railway. Thus there was a deficit of Rs. 630.00 during the year. Besides this the Institute had an unspent balance of Rs. 6,808.70 brought over from the previous year. There is nothing to indicate that this grant of Rs. 2,000 was used for the building for which evidently it was meant and it was wrongly taken into the Income and Expenditure account.

**Grants to the Occupational Therapy Institute for sending physically Handicapped children abroad.**

13.56 On September 23, 1963 Mrs. Savitri Nigam, M.P. Secretary of the Institute requested Mr. Dinesh Singh, Deputy Minister for External Affairs to approve the sending of 14 handicapped children accompanied by 5 attendants to different countries in Europe including Czechoslovakia and the U.S.S.R. The approval of the Government of India was given on the same day by the Director of the Ministry of External Affairs which only shows that these approvals were given as a matter of course.

13.57 On September 27, 1963 Mrs. Nigam asked for the grant of Rs. 10,000 as expenditure for the proposed visit abroad. She at the same time enclosed the programme which they proposed to follow from October 8, 1963 to November 27, 1963; they were to go to Switzerland, London, Germany, Prague and Moscow. The names of 14 handicapped children and 5 attendants including that of Mrs. Ghosh who was the attendant physician and Mr. Nirankar Swarup who was the clinic in-charge, were given. The Secretary, Health Ministry ordered the request to be examined for getting the approval of the Health Minister who after getting the note examined, sanctioned the grant subject to certain reservations which were as follows:

“We may pay them Rs. 10,000 as proposed. But I am not very much in favour of trips of this kind. I am not sure if the children who have been selected cannot be helped in India. Nor is there any indication as to which experts will see them. Treatment may take time. But as the proposal has been cleared by the External Affairs Ministry and arrangements far advanced; we may agree to pay

Rs. 10,000 and advise that the children be accompanied by an Orthopaedic Doctor familiar with rehabilitation and not merely by the ordinary medical physiotherapists and others. We may also ask for details of the trip, the experts to be consulted, the condition of the children, the reasons for sending them abroad and ask for a full report on return from abroad so that they will keep full notes for the final reports”.

The Minister was rather susceptible about the utility of the trip as there was no indication as to which specialist would examine them and the treatment would take some time but as the proposal had been cleared by the External Affairs Ministry, the Ministry allowed the grant to be given. But two conditions evidently the Minister did impose—one was that the children would be accompanied by an Orthopaedic Surgeon and not by an ordinary Medical Physiotherapist and the second a detailed report showing the specialists consulted and condition of the children and reason for sending them abroad was to be submitted by the Institute on the return of the children. The money was sanctioned on October 8, 1963 and the conditions contained in the minute of the Minister were made conditions of the grant.

13.58 On October 18, 1963 Mrs. Nigam wrote informing the Health Ministry that the visit abroad had been postponed as the Steamer Company expressed their inability to take the handicapped children aboard their ship and arrangements were being made to take them in April or May in the following year. This was agreed to and the money was allowed to be retained by the Institute provided firm arrangements were made for the steamer passages in April or May 1964.

13.59 In September 1963 Mrs. Nigam wrote to Mr. Humayun Kabir, Minister for Scientific Research about the proposed visit of the handicapped children and requested his Ministry for a sanction of Rs. 10,000 and on September 28, 1963 the Minister of Education sanctioned a sum of Rs. 7,000 from out of his discretionary fund which was subject to the amount being used within one year of the sanction and the furnishing of a certificate that the Institute had not received any other grants for the same purpose from any Ministry or Department of Government. In spite of this condition, on October 30, 1963 the Institute gave a certificate to the Ministry of Education that no grants had been sanctioned

by any other Ministry nor did they inform the Ministry of Education about the grant received from the Ministry of Health.

13.60 On June 17, 1965 a utilisation certificate for Rs. 7,000 from a Chartered Accountant saying that he had verified from the vouchers that the expenditure had been incurred for the purpose for which it was given, was sent by Mrs. Nigam but no audited accounts were sent.

13.61 It may be remarked at this stage that neither any Orthopaedic Surgeon was taken nor was any report given nor audited accounts submitted by the Institute about the trip of the children abroad and in spite of reminders from the Ministry of September 21, 1966 for accounts, none were sent but a utilisation certificate was sent by a Chartered Accountant dated June 15, 1965 to the effect that the expenditure was verified from vouchers and had been expended for the purpose for which it was sanctioned and the Ministry issued a utilisation certificate on October 10, 1967.

13.62 The Ministry of Finance has produced some files before this Commission which contain the audited accounts of receipts and payment on account of medical and other expenses for the year ending March 31, 1965 and it is as follows:

#### PAYMENTS

	Rs.	Rs.
<i>To Expenses in India</i>		
Travelling and Conveyance ..	778.40	
Meals and refreshments ..	154.61	
Other expenses including stationery postage and telegraphs, Health and Hygiene goods, toys, pull-carts for crippled children etc. ..	3,270.50	4,203.56
<i>To Expenses Abroad</i>		
Travelling expenses (paid in India) ..	37,705.00	
Maintenance & Medical charges (Total exchange) Rs. 21,685.25—in foreign currency ..	8,356.45	46,061.45
Balance in hand ..	—	30,594.99
<b>Total ..</b>		<b>80,860.00</b>

#### RECEIPTS

	Rs.	Rs.
By Balance brought forward from previous year:—		
Grant-in-aid from Ministry of Education ..	7,000.00	
Grant-in-aid from the Ministry of Health ..	10,000.00	
Receipts from children for expenses ..	10,000.00	
Other donations ..	12,000.00	39,000.00
By Receipts from children for expenses ..		41,000.00
By Other Donations ..		860.00
<b>Total ..</b>		<b>80,860.00</b>

13.63 There is a note attached that the foreign exchange which remained with the officers of the Institute was re-exchanged after arrival in India. The Auditor made the following remarks about the expenditure amounting to Rs. 8,356.45:—

“The above amount includes Rs. 7,641.46 paise only spent on refreshments, recreation and conveyance abroad for which we have been explained that no support could be obtained for these expenses and these expenses are supported only by vouchers prepared by the Cashier and countersigned by the Leader of the Group”.

13.64 The ledger of the Occupational Therapy Institute shows that Rs. 12,000 was received by way of donations as follows:—

	Rs.
(i) Discretionary Funds of the Prime Minister ..	5,000
(ii) Prime Minister's Women & children Welfare Fund ..	5,000
(iii) President of India ..	2,000
<b>Total ..</b>	<b>12,000</b>

13.65 These accounts would therefore show that the Institute had collected Rs. 17,000 by grants given by the Ministries of Education and of Health without disclosing to the former of the grant from the latter and from the children, probably from their guardians, they received a sum of Rs. 10,000 plus Rs. 41,000 i.e. Rs. 51,000. Besides that there were donations from the Prime Minister's Fund, Women and Children Welfare Fund and the President of India amounting to Rs. 12,000. The total expenses for the trip were Rs. 50,265.01 leaving a balance of Rs. 30,594.99. It comes to this that the grants and the donations received which amounted to Rs. 29,000; the whole of that must be taken to have been unspent. Instead of the Institute collecting just sufficient money to meet the expenses of these children they received a very much larger sum than what was needed and made a profit of Rs. 30,594.99.

13.66 For the sum of Rs. 8,356.45 shown in the column of payments, above given the Auditor has reported that there were no supporting vouchers.

13.67 No audited accounts were submitted to either of the Ministries and it is not clear from the record how the Ministries were satisfied as to the utilisation of the grants.

13.68 One of the conditions above mentioned for the grant of money by the Ministry of Health was that an Orthopaedic Surgeon familiar with rehabilitation work should be taken and not an ordinary Medical Physio-Therapist and that condition was broken and no Orthopaedic Surgeon was taken.

13.69 In the letter of the Ministry of Health dated October 8, 1963 it was also required that a detailed report about the trip abroad and all its aspects and benefits be sent to the Ministry but no such report was sent. As a matter of fact, as has been stated above, neither the accounts nor the report was sent and all that the Occupational Therapy Institute did was to send a utilisation certificate sometime after September 1966 i.e. about 3 years after the grants.

13.70 The Ministry of Health was asked by the Commission as to how it was satisfied when no report was given and therefore no information was given as to the details of the trip or the names and places where specialists were consulted and their bland reply was that no reports were received. When the question with regard to non-fulfilment of the conditions of the grant and not sending of the

report was asked from the Director of Occupational Therapy Institute Mr. Nirankar Swarup on May 29, 1970 he filed a report before the Commission. The copy of that report is attached hereto. This report is marked Exh. 70. The Commission is in no position to judge as to the correctness or otherwise of what he stated in the report but all that it can say is that it is a most unsatisfactory report. It gives no information worth the name and is of little use.

13.71 The report mentions that the authorities of the Institute did not think it necessary to take an Orthopaedic Surgeon but thought that a general physician would be better for looking after the health and hygiene of the children and it gave certain benefits which are more in the nature of benefits to the staff of the Institute than the children. It also mentions therein that they held consultations in London and Vienna at Dr. Hopes Clinic in Austria.

13.72 The reason given for not returning the money either to the parents or to the Government was that they had invited similarly handicapped children from abroad to come to India and they reserved the money to be spent in case some of the handicapped children from the institutions abroad came to India. There is no evidence that any such children ever came and it is difficult to imagine that they would be coming in the very near future. The net result of all this is that either the parents' money has been kept by the Institute or the money given by the State has remained unspent and unutilised and has not been returned to the Ministries giving the grants or to the donors who made the donations. At least no information is given and no sanction of theirs was taken.

13.73 Mr. Nirankar Swarup has stated before the Commission in his evidence that this amount was taken into consideration when the Delhi Administration gave a grant upto the year 1970-71 and the Commission sees no justification for taking Rs. 51,000 from the parents of the handicapped children and not giving them a proper account, how much was spent on the children, and there is no valid ground for retaining it with the Institute or the benefit of its going to the Delhi Administration if a matter of fact it did go at all to any one.

#### **Bus for the Institute**

13.74 In 1957-58 the Ministry of Education sanctioned a grant of Rs. 10,000 for the purchase of a new bus for the Institute and the

Institute was to contribute an equal amount. No bus was purchased upto 1960-61. Ultimately this grant was adjusted in other grants. In November 1962 again the Ministry of Education sanctioned Rs. 33,850 for the purchase of a bus. The accounts upto July 1965 do not show any such purchase, but in August 1965 a bus was purchased for Rs. 65,000. It caught fire and got burnt out and the Insurance Company paid Rs. 55,000. As far as the record goes no bus was purchased. In 1965-66 as a matter of fact in March 1966, the amount of grant i.e. Rs. 33,850 was deducted from the grant of the year 1965-66.

**Grants for the purchase of equipment for the Occupational Therapy Institute.**

13.75 During the years 1957-58 to 1959-60 the following grants were sanctioned by the Ministries of Health and Education for the purchase of equipments for the Occupational Therapy Institute:—

Year	Name of the Ministry	No. & Date of the sanction	Amount
1957-58	Health	F. 1-144/57. H.I. 24-3-1958	Rs. 10,000
1957-58	Education	F. 18-5/58-D. II dt. 15/ 17-2-58	6,180
1959-60	Health	F.11-77/59 dt. 1-9-1959	10,000
			26,180

13.76 In the case of first sanction there was a condition that the equipments to be purchased were to be approved by the Director of Health Services, Delhi Administration, and also a condition that utilisation certificate was to be furnished to the Ministry through the Director of Health Services, Delhi.

13.77 The grant by the Ministry of Education was subject to the condition that 50% of the total expenditure only was to be met out of grants and a matching contribution was to be raised by the Institute.

13.78 The audited accounts of the Occupational Therapy Institute for the years 1957-58, 1958-59 and 1959-60 show that the following

expenditure on account of purchase of equipment was incurred:—

			Rs.
1957-58	..	..	1,873.43
1958-59	..	..	3,048.30
1959-60	..	..	12,444.33
Total	..		17,366.06

13.79 Mrs. Savitri Nigam, M.P., the Secretary of the Council for the Aid of Crippled and Handicapped on 18-2-1961 certified that the Occupational Therapy Institute had spent an amount of Rs. 12,360 on non-recurring items (excluding bus) against the grant of Rs. 6,180/- sanctioned by the Ministry of Education on 15/17-2-1958 up to that date. She also certified that the grant of Rs. 10,000 sanctioned by the Ministry of Health on 1-9-1959 had also been utilised during that period.

13.80 The files of the Ministry of Health have not been produced and, therefore, it has not been possible to verify as to what sort of utilisation certificate was given to the Ministry of Health. It also appears that no accounts were rendered either to the Ministry of Health or to the Ministry of Education showing the total expenditure incurred for the purchase of the equipment for the Institute. It appears that against the three grants amounting to Rs. 26,180 received from the Ministries of Health and Education, the Occupational Therapy Institute has utilised only Rs. 17,366.06. In other words an amount of Rs. 8,813.94 from out of the grants given during the years 1957-58 to 1959-60 was not utilised for the purpose for which the grant was given. Further, it appears that even though the grant of the Ministry of Education was subject to the condition that 50 per cent matching contribution was to be raised by the Institute, the accounts do not show any funds raised by the Occupational Therapy Institute for the purpose.

13.81 Further, even though the grant of Rs. 10,000 sanctioned on 24-3-1958 was subject to the condition that the equipment to be purchased were to be approved by the Director of Health Services, Delhi Administration and utilisation certificate for the grant was to be submitted by the Institute through the Director of Medical Services, Delhi, this was

not done and thus one of the important conditions of the grant was not observed. When the Ministry of Health was asked whether they obtained the list of equipments purchased, their reply was that this was not one of the requirements of the grant and that they were satisfied with the utilisation certificate that was given by the Chartered Accountant.

13.82 Thus, it would appear that Ministry of Health and Ministry of Education did not even get the details of the equipments purchased nor even the detailed account but were merely satisfied with a certificate from the Chartered Accountant that the grant was utilised.

13.83 Another fact that is noticed is that even though the grant sanctioned during the year 1957-58 were to be utilised during the financial year, they were not actually so utilised. In fact, during 1957-58 only an amount of Rs. 1,873.43 was utilised and during 1958-59 a further sum of Rs. 3,048.30 was utilised.

13.84 The Ministry of Health had no explanation to offer but they merely stated that they have no records to verify as to how many purchases were made in the different years.

#### Recurring grants for the Physio Occupational Therapy Institute

13.85 The Physio Occupational Therapy (Training) Institute attached to the Occupational Therapy Institute, Delhi was started in the year 1960. For the years 1960-61 to 1965-66, the Ministry of Health sanctioned grants totalling Rs. 41,636/- to meet the deficit of the Physio Occupational Therapy Institute. Out of this Rs. 11,136.26 was sanctioned in the year 1965-66 and the balance of Rs. 30,500/- was sanctioned later after the Physio Occupational Therapy Institute approached the Health Ministry to cover the deficits for the previous years.

13.86 A scrutiny of the Accounts shows that on 31-3-66 the outstanding liability of this Institute was Rs. 10,830.11. These liabilities were as follows:—

			Rs.
Income Tax payable	..	..	1,083.54
Unpaid Salary	..	..	1,174.91
Bills payable	..	..	8,566.65
Total	..	..	10,830.10

13.87 When the Ministry of Health was asked as to how they were satisfied about the utilisation of the full grant without ascertaining the discharge of the liabilities, their reply was that "they have not paid any grant of the liability". But this does not clear the position as the Balance Sheet clearly shows the amount of Rs. 10,830.10 as outstanding liabilities. Therefore the accounts are not very helpful.

#### Utilisation of the grants for the purchase of equipments for the Physio Occupational Therapy Institute

13.88 The following grants were sanctioned by the Ministry of Health for the purchase of equipments for the Physio Occupational Therapy Institute:—

Year		Date of sanction	Amount Rs.
1962-63	..	18-8-1962	12,000.00
1963-64	..	12-2-1964	20,000.00
1965-66	..	9-3-1966	25,000.00
Total	..		57,000.00

13.89 The Balance sheet of the Physio Occupational Therapy Institute for the different years shows the expenditure on the purchase of equipments as follows:—

Year			Amount Rs.
1962-63	..	..	Nil
1963-64	..	..	18,065.77
1964-65	..	..	16,437.79
1965-66	..	..	4,639.32
Total	..	..	39,142.88

13.90 Thus out of Rs. 57,000/- received by the Physio Occupational Therapy Institute as Non-recurring grant only Rs. 39,142.88 was utilised up to 1965-66 and an amount of Rs. 17,857.12 remained as unutilised at the end of 1965-66.

13.91 While sending the utilisation certificate for this amount the Director of Physio

Occupational Therapy Institute certified that out of the amount of Rs. 25,000/- the grant for 1965-66 by the Ministry of Health Rs. 13,863.74 was utilised on Non-recurring expenditure for the purchase of equipments etc. and the remaining for Recurring expenditure during the year. In other words Rs. 13,863.74 was according to him spent for non-recurring and Rs. 11,136.36 for Recurring expenditure. If this allocation is taken into account and this has been accepted by the Ministry, then it will mean that the grant received for Non-recurring purposes amounted to Rs. 45,863.74 out of which the Samaj has utilised only Rs. 39,142.88 upto 31-3-1966 and Rs. 6,720.86 has remained unutilised. Another fact that is noticed in scrutiny of the Balance sheet is that the grants were not utilised during the year in which they were sanctioned and within the periods during which they were sanctioned. No separate accounts were kept of these grants and the accounts were merged with the common fund of the Physio Occupational Therapy Institute and the Physio Occupational Therapy Institute advanced monies to the Occupational Therapy Institute for its day to day functioning. The balances of the amounts outstanding at the end of different years out of these advances were as follows:—

	Rs.
31-3-1963 .. ..	15,491.64
31-3-1964 .. ..	22,792.49
31-3-1965 .. ..	18,971.68
31-3-1966 .. ..	7,602.24

#### **Recurring Grants given for the maintenance of the Occupational Therapy Institute Sheltered Workshop**

13.92 During the year 1960-61 the Delhi Administration sanctioned a grant of Rs. 3,000 for the Occupational Therapy Institute Sheltered Workshop. The Accounts of the Occupational Therapy Institute Sheltered Workshop show that during the year 1960-61 the expenditure of the workshop as Rs. 738.21 and the income besides the grants Rs. 658.00. Thus an overall deficit from the income for the year was only Rs. 80.21. Therefore, an amount of Rs. 2,919.79 from out of the grants given by the Delhi Administration for the Occupational Therapy Institute Sheltered Workshop was not utilised for the purpose

it was given. This amount does not appear to have been recovered or adjusted by the Delhi Administration.

13.93 From the year 1961-62 the Ministry of Education, Department of Social Welfare started giving grants for the Occupational Therapy Institute Sheltered Workshop and the following grants were released for these years by the Ministry of Education:—

	Rs.
1961-62 .. ..	25,299.15
1962-63 .. ..	42,134.00
1963-64 .. ..	91,863.44
1964-65 .. ..	87,258.77
1965-66 .. ..	90,513.71
Total ..	3,37,069.07

The pattern of assistance in the beginning was 75 per cent of the expenditure.

13.94 The Ministry of Health also sanctioned an amount of Rs. 10,000 during the year 1963-64 for the purchase of equipments required for the Occupational Therapy Institute Workshop. Thus, in all, the grants received by the Occupational Therapy Institute Sheltered Workshop from the Ministry of Education, Ministry of Health and the Delhi Administration amounted to Rs. 3,50,069.07 during the period 1960-61 to 1965-66.

13.95 From the records it appears that the Secretary of the Occupational Therapy Institute, Mrs. Savitri Nigam went on pressing for further grants for the Occupational Therapy Institute and she discussed the matter with the various officers of the Ministry of Education including a Joint Secretary. The matter was also taken up at a higher level as would appear from a note dated 5-5-1965 of the Private Secretary to the Minister which read as follows:—

“Minister was interested to know the progress about the allocation of funds to the institution for crippled and physically handicapped children with which Smt. Savitri Nigam, Member of Parliament, is deeply interested. Enquiries made from the Secretary indicated that the Finance have not yet approved the proposed grant. Minister desires that the case should be put up to him immediately with a short note indicating the

latest position. He further desires that in specific cases where his recommendations are not accepted either by the Ministry of Finance or by any other Ministry, steps may kindly be taken to keep the Minister informed of the position as an interim measure and the case submitted to him with a short note."

13.96 It appears that Finance Secretary also visited the Institution on 23-2-1966 and as a result of his visit it was decided to meet the deficit of the Occupational Therapy Institute Sheltered Workshop from the year 1961-62. The formula being to give a grant of either 75 per cent of the total expenditure or the actual deficit whichever was less. Ministry of Education worked out the actual deficit for the year 1961-62, 1962-63, 1963-64 and 1964-65 and also anticipated the deficit for the year 1965-66 and released grant of Rs. 1,33,605/- on 22-3-1966 after adjusting the unspent amount of Rs. 33,850/- which was earlier paid to the Institute for the purchase of a bus.

13.97 A scrutiny of the audited accounts of the Sheltered Workshop for the years 1963-64 and 1964-65 show that there was some excess payment of the grants. The position as revealed from the accounts is detailed in Table 13-C. The year-wise position revealed is:—

#### 1963-64

	Rs.
Total expenditure .. ..	1,24,493.67
Income .. ..	42,695.73
Deficit .. ..	81,797.94

#### Grants given:—

Ministry of Education ..	91,863.44
Ministry of Health 10,000.00	1,01,863.44
Excess grants released	20,065.50

When the Department of Social Welfare was asked as to how this excess amount was paid, their explanation was that the Sheltered Workshop had received an amount of Rs. 10,000 as grant from the Citizen's Council for Peace for the purchase of specific

equipment and this was not meant for Occupational Therapy Sheltered Workshop. They also said that the Sheltered Workshop had transferred 3 per cent of their fees and donations amounting to Rs. 66/- to the reserve fund and this was also not to be taken into account. The reply of the Ministry was given in reply to the questionnaire of this Commission dated November 17, 1970.

13.98 In this reply the Department of Social Welfare has raised two fundamental questions namely:—

- (i) Is the deficit of the Institution to be worked out after allowing the Institution to transfer part of the fees, donations etc. to the reserve fund?
- (ii) When donations and grants have been received from others for the purchase of equipment and the Government of India also decided to give grants to cover an overall deficit of the Institution including the expenditure on the purchase of equipment required for the Institution, are the donations and grants received from the outside bodies to be taken into account or excluded?

13.99 In the case of this Sheltered Workshop initially it had been decided to bear only 75 per cent of the deficit but later it was decided to cover the entire deficit which would mean the surplus of expenditure over the income. Therefore, the method adopted by the Department for working out the deficit appears to be erroneous. The Department has not chosen to explain another item of Rs. 10,000 which was obviously on account of grant released by the Ministry of Health. It appears that different Departments of the Government of India worked in isolation while giving grants to voluntary bodies and one Department did not know what had been given by another Department or ignored the grant given by another Department altogether while working out the deficit of the Institution. The Occupational Therapy Institute appears to have sent only utilisation certificates for the different grants and the Departments of the Government did not insist on getting the accounts of the entire institution before satisfying themselves about the utilisation of the grants. Thus, in the case of this institution, ie. Sheltered Workshop during the year 1963-64 there was excess payment of grant of Rs. 20,065.50.

1964-65

13.100 The utilisation of the grants for this year was as follows:

	Rs.
Total expenditure of the Sheltered Workshop for 1964-65 ..	1,60,330.65
Income of the Sheltered Workshop excluding grants .. ..	81,707.70
Deficit .. ..	78,622.95
Grants given by the Ministry of Education, Department of Social Welfare .. ..	87,258.70
Excess grants paid .. ..	8,635.75

When the Ministry was asked about this over payment their reply was that donations for equipment of Rs. 3,824.21 were transferred to the general reserve fund and were not to be aided to the income side. The grants of Rs. 8,500 from the Women's Club and from Shri Santlal were for some other purposes.

13.101 This explanation of the Department of Social Welfare is not correct because the donations amounting to Rs. 3,824.21 were received for the purchase of equipments and, therefore, these donations had to be taken into account while working out deficit for the year. Further, as regards grants from women's club and Shri Santlal these were included in the accounts of the Sheltered Workshop and there is nothing in the balance sheet to indicate that they were for other purposes. When the grant given by the Government was to cover the entire deficit, it was only proper that all the donations and grants for the purpose of working of the Sheltered Workshop should have been taken into account.

13.102 Thus, the position is that for the Occupational Therapy Institute Sheltered Workshop there was an excess payment of grants to the extent of Rs. 2,919.79 by the Delhi Administration and the grants paid by the Department of Social Welfare in 1963-64 were in excess to the extent of Rs. 20,065.50 and in 1964-65 to the extent of Rs. 8,635.75. Grants to this extent could not be considered as having been utilised for the purpose they were given.

#### **Outstanding Liabilities and the reasons for releasing grants therefor**

13.103 The audited accounts of the Sheltered Workshop of the Occupational Therapy In-

stitute for the various years exhibit the outstanding liabilities at the end of those year as follows:

Date	Outstanding liability
	Rs.
31-3-1962 .. ..	690.92
31-3-1963 .. ..	1,420.74
31-3-1964 .. ..	19,270.57
31-3-1965 .. ..	21,453.17
31-3-1966 .. ..	10,335.73

13.104 The sanctions issued for the grant-in-aid for the Workshop for various years show that grants were released on expenditure including the outstanding liabilities.

13.105 The reasons for releasing the grants on outstanding liabilities were enquired from the Department of Social Welfare. In its reply it has stated that the outstanding liabilities related to unpaid salaries, income tax, outstanding bills etc. payment of which was to be made by the workshop, and as such the social welfare Department took them into account while giving grants to the workshop.

13.106 Since Government grant is to be sanctioned only on the basis of expenditure actually incurred and paid for, sanction of the grant by the Department on the expenditure which also included outstanding liabilities, was not in order.

#### **Grants for purchase of equipment for the Sheltered Workshop of the Bharat Sevak Samaj**

13.107 On January 21, 1963 Mr. Brij Krishan Chandiwalla Convenor of the Bharat Sevak Samaj sent an application to Dr. Sushila Nayyar, Minister of Health, Government of India requesting for grants for the purchase of equipments for the Sheltered Workshop, costing Rs. 23,850.00 which included the following:

	Rs.
Grinder .. ..	1,600.00
Lathe machine for the steel work	7,000.00
Milling machine .. ..	2,500.00



13.108 On the 26th November, 1963 the Ministry of Health sanctioned an amount of Rs. 10,000/- for the purchase of the grinder (Rs. 1,600.00), lathe machine (Rs. 7,000) and milling machine (Rs. 2,500), the grant was to be utilised within one year.

13.109 No expenditure was incurred on the purchase of these equipments during 1963-64 and 1964-65 and purchases were effected only in 1965 and payments were made on the dates shown below:

	Rs.
15-6-1965 .. .. .	7,000·00
5-7-1965 .. .. .	1,500·00
26-8-1965 .. .. .	1,548·50

But what these purchases were for is not disclosed.

13.110 No approval of the Ministry was obtained for retaining the amount and utilising it for other purposes till the purchase of the equipments beyond the period of one year.

#### Grant for the purchase of equipments for the Physio Therapy Institute during 1962-63

13.111 On February 21, 1962 the Convenor of the Delhi State Bharat Sevak Samaj sent an application for grant-in-aid for the Physio Occupational Therapy Institute for the purchase of equipments the total cost of which was estimated at Rs. 26,920.00. This application was sent to the Ministry of Health through the Director of Social Welfare in the Delhi Administration. The list of equipment which the Samaj had enclosed with their application was as follows:

	Rs.
20 Chairs for class and library ..	300·00
2 Tables, class rooms .. ..	160·00
2 Almirahs for class and students room .. ..	350·00
12 Stools for craft class .. ..	120·00
6 Works branches with store cabins .. ..	570·00
2 Display cabins .. ..	250·00
10 Charkhas .. ..	200·00
2 Chakkies modern .. ..	80·00
Charts and models .. ..	1,600·00
1 Fret work machine .. ..	200·00

	Rs.
1 Sewing machine with peddle	240·00
Library books for students and staff .. ..	1,500·00
6 Looms and accessories .. ..	450·00
10 Sets of wood work tools .. ..	600·00
1 Clay modelling wheel set .. ..	400·00
10 Sets of leather work tools .. ..	200·00
1 Apparatus for Book Binding .. ..	600·00
10 Sets of tools for Linoleum work .. ..	100·00
1 Hand printing apparatus .. ..	3,000·00
1 Set of spray machine with spray gun .. ..	1,200·00
Wolfskit for sewing drilling and sanding etc. and accessories	200·00
Human skeleton .. ..	200·00
Typewriter for official work	1,300·00
Lathe machine .. ..	2,000·00
1 Unit Phillstat (Machine for electro therapy classes) .. ..	3,000·00
1 Set of diathermy apparatus with accessories .. ..	5,000·00
1 Ultra violet and infra red combined lamp .. ..	800·00
Electric Wax therapy unit .. ..	800·00
Wash stand for class rooms .. ..	100·00
Models for human organs etc. .. ..	800·00
Total .. ..	26,920·00

13.112 The Ministry of Health sanctioned an amount of Rs. 12,000/- to the Convenor of the Bharat Sevak Samaj on August 18, 1962 for the purchase of equipments for the Occupational Therapy Institute. The grant was to be sent within the period of one year from the date of its drawal from the Treasury. The amount was drawn from the Treasury by the grantee on the September 3, 1962. The amount was merged with the general funds and the expenditure on the purchase of equipments on the different dates was as follows:

	Rs.
31-8-1965 .. .. .	5,500·00
31-1-1966 .. .. .	1,000·00
31-3-1966 .. .. .	5,465·82

13.113 Thus it appears that the grants which were to be utilised within one year of the date of withdrawing of the monies i.e. by September 2, 1963 were not so utilised but were utilised only after about three years from the date of withdrawal. The Samaj neither refunded the money nor obtained the approval of the Ministry for extending the period of utilisation. The Ministry when asked to comment upon this stated that the Institute did not seek any approval of the Ministry for retaining the grant beyond one year from the date of withdrawal. They also did not know the date of purchase and the register of assets submitted by the Occupational Therapy Institute did not indicate the dates.

13.114 After spending the grant the Bharat Sevak Samaj submitted a list of equipments purchased by them from out of the grants, the total expenditure being Rs. 12,019.27. The equipments purchased were as follows:

Quantity	Name of the equipment	Value
One	Stemments (W. German) make Neuroton 621, complete with:	
	1 Mains Cable	
	1 Standard set of accessories Z-31-B for therapy and diagnosis (bipolar technique) consisting of	
	1 patient cable 2 core	
	2 Plate electrodes 3 cm × 3 cm	
	2 Plate electrodes 5 cm × 5"	
	2 Plate electrodes 6" × 8"	
	2 Plate electrodes 10" × 15"	
	2 Leage Electrode Connectors	
	2 Rubber straps 40 cm	
	1 Rubber straps 135 cm	
One	Standard set of additional accessories Z-31 M for monopolar technique comprising:	
	1 handle with finger-tip switch	
	1 Patient cable 1.5m (5 ft.)	
	1 Ball electrode 5 mm dia	Rs. 4,271.40
One	Siemens (W. German Make) Ultratheram—607 E Unit complete with	
	One Generator Tube valve TB 3/750	Rs. 1,026
Two	Rectifying valves valve DGG 4/1000 G	Rs. 4,001.55

Quantity	Name of the Equipment	Value
		Rs.
One	Standard set of Accessories Z-61W comprising:	
	2 Rubber Pad Electrodes—12 × 18 cm with 4 felt pads and 2 linen bags 1 rubber strap 110 cm long, 4 cm width-with button	160.06
Two	Rubber Pad Electrodes 8 × 14 cm complete with felt pads and linen bag	124.37
One	Standard Accessories Z-61-S consisting of	
	2 Electrode brackets with friction balance, extensible	
	2 Air Space Condenser Electrode dia 130 cm	
	2 Electrode Connection Cable 105 cm long	800.31
Two	Air Space Condenser Electrodes dia 42 mm	128.70
Two	Air Space Condenser Electrodes dia 85 mm	155.73
One	Monode 11 with Core connection cable and plugs	351.48
One	Monode 11 with Core connection cable and plugs	351.49
One	Induction coil consisting of induction cable, flexible 3.5m long	
Two	Connection Cables 65 cm long	
Two	Cable brackets	
One	Felt bag 20 × 45 cm complete with cotton coger	274.70
One	Servomat (automatic tuner with necessary valves)	1,277.48
One	Black Board	21.00
One	Sign Board	2.50
Three	Stands	9.00
Two	Stools	9.00
Two	Drawers	12.75
One	Cane Seat	2.50
One	Lock	3.00
One	Set—Physiology chart	47.25
Three	Table cloths	15.00
	Total	12,019.27

13.115 A comparison of the two lists i.e. the list at the time of asking for grants and the list submitted after utilising the grants shows that the equipments purchased were not the same as those for which the grants were asked. The Ministry when asked whether any approval was obtained by the Occupational Therapy Institute for purchasing equipments other than the ones for which the grants were intended, has replied that they did not specify the items of equipment while sanctioning the grants but they consulted the Directorate General of Health Services after receiving the list purchased by the Occupational Therapy Institute with the help of the grants and the Director General of Health Services had certified that equipments were essential for the efficient working of the Institute.

13.116 This instance is quoted only to show that the extent of control exercised by the Ministry was rather slender and the Occupational Therapy Institute also did not adhere to the list of items which they submitted before getting the grants. The question is not whether the equipments were useful for the running of the Institute but the question is as to how far the Occupational Therapy Institute adhered to certain norms of financial discipline. In this case at least they seem to have asked for grants for certain items but appear to have utilised the grants for purchasing certain other items which though useful to the institution were not the same as the ones for which the grants were asked for and obtained.

#### Grants for the purchase of equipment for the physio Therapy Institute in 1963-64.

13.117 On March 14, 1964 Mr. Brij Kishan Chandiwalla Convenor of the Delhi Pradesh, Bharat Sevak Samaj sent an application to the Ministry of Health for grants for the purchase of equipment totalling Rs. 46,250 for the Physio Occupational Therapy Institute. The Ministry of Health on February 12, 1964 sanctioned an amount of Rs. 20,000 for the purchase of the following equipments:—

S. No.	Purpose for which grant was sanctioned	Amount
		Rs.
1	Carpentry tools, 10 sets ..	2,000
2	Leather work tools ten sets ..	1,000
3	Model of body parts for demonstrations ..	3,000

S. No.	Purpose for which grant was sanctioned	Amount
		Rs.
4	Self help devices ..	1,000
5	Frest work machinery ..	1,000
6	Metal Lathe machine ..	7,500
7	Table grinders ..	1,000
8	Bend saw apparatus ..	3,000
9	Linoleum, cane work, needle work Tools 7 sets ..	500
	<b>Total</b> ..	<b>20,000</b>

13.118 The grant was to be utilised within one year from the date of drawal of the grant. The grant was drawn on March 16, 1964 and, therefore, the amount should have been utilised by March 15, 1965.

13.119 The registers of assets of the Physio Occupational Therapy Institute, an extract of which was sent to the Ministry, shows that the Physio Occupational Therapy Institute did not purchase the machinery and equipments mentioned in the sanction but instead they purchased the following equipments:—

S. No.	Name of the equipment	Amount
		Rs.
(i)	One-X-Ray Machine Ultrasonic B-7120 ..	6,066.50
(ii)	One Diathermy Unit ..	211.50
(iii)	One U.T.S. 400 with following accessories ..	7,172.00
	U.T.S. 16 Mineral oil 8 oz Squeeze Bottle one	
	One GB 3940-A Aquasonic	
	Coupling Agent—8 oz.	
	One U.T.S. 11 Fiber Glass water container	
	One Mobile Trolley (India) suitable for U.T. 400	
	One Burdick machine (U.S.A.)	
(iv)	One Ultraviolet lamp Model Q.A. 250 No. ..	1,793.00
(v)	Two Ifrared Lamp Model Z 14-E (India) ..	1,276.00
(vi)	One Burdick M.S. 300 ..	3,509.00
	<b>Total</b> ..	<b>20,028.00</b>

13.120 Out of this the X-ray machine costing Rs. 6,066.50 had already been purchased by the Institute on February 26, 1964 i.e. before the Government grant was drawn.

13.121 Further equipments at S. Nos (iii) to (vi) mentioned above were paid for on March 13, 1966, the total cost being Rs. 13,750.00. Thus it appears that an expenditure of Rs. 6,066.60 was incurred even before the grant was received. An amount of Rs. 13,750.00 was utilised after the period of one year within which the grant was required to be utilised as per the sanction and the Occupational Therapy Institute did not obtain the approval of the Ministry for this purpose.

13.122 When the Ministry was asked by this Commission as to how they were satisfied about the fulfilment of the conditions of the grant before issuing the utilisation certificate their reply (dated January 21, 1971) was that they inquired from the Technical Adviser in the Directorate General of Health Services whether the equipment actually purchased was essential for the development and efficient working of the Institute and that the reply of the Technical Adviser was in the affirmative. As regards the purchase of the X-ray machine before the grant was drawn and debiting the cost of the same against the grant the Ministry has replied that even if the grant was given subsequently the Institute was aware of the grant being sanctioned and, therefore this was not a case of reimbursement. But the X-ray was not one of the items included in the sanction and at any rate the machinery purchased before even the grant was drawn could not be shown against the utilisation of the grant.

13.123 This case appears to be another instance of the lack of control by the Ministry over the utilisation of the grant; as it allowed the Institute to expend without a strict adherence to the terms of the grant either as to the items of equipment to be purchased or the period during which it was to be expended.

#### **Auditors objections on the accounts of the Occupational Therapy Institute, Residential Section.**

13.124 The Chartered Accountant who audited the accounts of the Occupational Therapy Institute Residential Section had raised a number of serious objections on the maintenance of the accounts and about some of

the transaction. Some of the most serious irregularities pointed out by the Chartered Accountant are listed out below:—

#### **Audited accounts for the year 1962-63**

- (i) Children's personal account was not being properly maintained. There was no definite system by which it could be ascertained whether all the purchases made on their behalf had been duly charged in their bills and all bills billed to them had been realised. The details were not maintained.
- (ii) No stock register for rations purchased was kept. In the absence of which receipts, issues and balances could not be verified by the auditor.
- (iii) No inventory register for the assets purchased was maintained.
- (iv) No register of fees etc. was kept and in the absence of a proper record the Chartered Accountant could not ascertain the outstanding fees.
- (v) The cash book was not properly written. The cash balance was not brought down and on going through the cash book the receipts were found to be less while payments were shown as more in some cases.
- (vi) The Chartered Accountant found that a 'kacha' receipt books comprising all loose vouchers had been issued and copies of some of them were not available. The use of such receipt books was considered by the Chartered Accountant as highly objectionable and he could not certify whether all such receipts issued were incorporated or not and whether there was any mis-appropriation of funds.
- (vii) Coupons were sold to the staff but no register was kept of the coupons and there was no account of the unutilised coupons.

#### **Audited accounts for the years 1963-64, 1964-65 and 1965-66.**

Objections similar to the objections raised in 1962-63 were raised in these years by the Chartered Accountant.

13.125 The discussion above given shows that:—

- (i) The Occupational Therapy Institute started functioning in the Queensway Barracks which were allotted to the Delhi Pradesh Bharat Sevak Samaj in July 1955. The Institute was started under the auspices of the Bharat Sevak Samaj, the grants for the same were given to the Bharat Sevak Samaj, in some cases the grants were accounted for in the books of the Bharat Sevak Samaj and funds were also provided by the Bharat Sevak Samaj to the Occupational Therapy Institute. The name and the emblem of the Bharat Sevak Samaj were used in the letter heads and other documents of the Institute but still the Director of the Institute who appeared before this Commission claimed that the Occupational Therapy Institute was an independent body.
- (ii) The Bharat Sevak Samaj had included the activities of the Occupational Therapy Institute in their reports and in their accounts and only from March 1966 was the Council for the Aid of Crippled and Handicapped which was running the Occupational Therapy Institute registered as a separate body.
- (iii) Three plots of land were allotted to the Delhi Pradesh Bharat Sevak Samaj one plot for the construction of its office building and the other two for the construction of the Occupational Therapy Institute. Plans and estimates costing Rs. 6,20,466.20 for the construction of the Occupational Therapy building were prepared and grants totalling Rs. 50,000/- were paid by the Ministry of Rehabilitation, Central Social Welfare Board and the Prime Minister's Relief Fund and a donation of Rs. 25,000/- from a private individual for the construction of the building and a prayer hall. Out of the above mentioned grants received from 1960-61 onwards upto 1965-66 only Rs. 47,858.99 was spent. Out of the grants and other monies with the Institute some portion was put in fixed deposits and interest earned. After

taking into account all the receipts including interest and grants in aid and the expenditure out of the amounts received upto the end of 1965-66 there was an unspent balance of Rs. 38,347.95 in the building account. Even though the grants were given for the construction of a new building the expenditure was actually incurred on repairs and renovation of the barracks existing on the site which according to the terms of allotment were to be demolished. Thus the grants were not utilised for the purposes of the construction of the new building as contemplated in the sanction.

- (iv) The expenditure shown for the building included liabilities of Rs. 22,702.58 as on March 31, 1965. Mr. Brij Krishan Chandiwalla, the Chairman of the Delhi Pradesh Bharat Sevak Samaj, however, has put in a claim of Rs. 72,573.01 from the Institute on account of the expenditure incurred on the buildings, for the ground rent and other charges. There is no evidence of these claims having been scrutinised or settled. Therefore, even the expenditure which has been shown in the accounts cannot be said to have been actually incurred as the liabilities had not been discharged.
- (v) Grants were paid to the Occupational Therapy Institute and to the Residential Section from 1955 upto the year 1961. But no pattern of assistance was prescribed for the grants.
- (vi) In the year 1961 it was decided by the Government of India to give 95 per cent of the net deficit on the maintenance and establishment. The Institute began appointing staff on a lavish scale and revised the scales of pay without getting the approval of the Government. And thus they accumulated large deficits. In the year 1963-64 there was a 25 per cent increase on the cost of establishment but still the Delhi Administration which gave the grants did not insist on the Occupational Therapy Institute to follow the approved pattern. The Institute asked for further assistance. In 1965-66 the Finance Minister ordered that the matter should

be reviewed, but the entire deficit accumulated upto 1965-66 was paid to the Occupational Therapy Institute. Thus instead of the approved 95 per cent deficit the Institute was paid a cent per cent grant. During the subsequent years also the Institute went on accumulating deficits by not following the rules governing the grants to the Institute and to other institutions for the handicapped. In December, 1971 the deficits accumulated upto 1970-71 amounted to Rs. 3,69,605.22 which was paid to the Institute.

- (vii) Thus the Occupational Therapy Institute did not follow the patterns set out by Government as regards the employment of staff and the scales of pay to be paid to them and even though the Institute had agreed to bear a percentage of the deficit it did not actually do so and virtually the entire Institution was run out of Government grants. But still no control was exercised over the working of the Institute.
- (viii) For the Residential Section the approved pattern of assistance provided for Rs. 15/- per child per mensem or 50 per cent of the expenditure whichever was less and from 1964-65 assistance was to be paid only for those children the income of whose parents was less than Rs. 300/- P.M. but these conditions were not enforced and grants in excess were paid which amounted to Rs. 2,32,880.80.
- (ix) Upto March 1971 Rs. 75,500/- was collected as Children's Guarantee Fund but no accounts have been produced showing any expenditure out of this Fund. The amounts collected under this Guarantee Fund also do not appear to have been taken into account while working out the grants.
- (x) In September, 1963 grants amounting to Rs. 10,000/- were paid to the Occupational Therapy Institute by the Ministry of Health and Rs. 7,000/- by the Ministry of Education for sending a group of handicapped children to foreign countries. Further

grants were received totalling Rs. 12,000 from the Prime Minister's Fund and from the President of India. From the parents of these children Rs. 51,000 was collected. The total expenses for the trip however amounted to Rs. 50,285.01 only that is the expenses were actually met from out of the amounts collected from the parents of the children and the grants were thus not utilised for the trip at all. In fact, Rs. 30,594.99 was left with the Occupational Therapy Institute after the trip and this amount was not refunded but was retained by the Institute till the same was adjusted from the grants to be paid in the year 1971, when the deficits for all the years upto 1970-71 were worked out.

- (xi) The Institute never submitted any audited accounts nor did they send any report showing which doctors were consulted in the foreign countries visited by the children and how they benefitted from the trip. The Health Minister had specifically required such a report to be sent to it.
- (xii) A grant of Rs. 10,000 was given by the Ministry of Education in 1957-58 to the Institute for purchasing a bus but no bus was purchased till 1960-61 and the amount had to be adjusted in other grants. In November, 1962 again another amount of Rs. 33,850.00 was sanctioned for the purchase of a bus but upto July, 1965 no bus was purchased and the bus purchased in August, 1965 caught fire and a compensation of Rs. 55,000/- was received but no bus was purchased after the compensation was received and the amount was deducted from the grant for the year 1965-66.
- (xiii) Grants were given for the purchase of equipments for the Occupational Therapy Institute by the Ministries of Health and Education during 1957-58 and 1959-60 but the records do not show the submission of any accounts giving the utilisation of

these grants. The conditions attached to the grants regarding utilising the grants within the time specified, raising matching contribution, having the list of equipments to be purchased approved by the Director of Health Services etc. were not fulfilled by the Institute.

(xiv) Grants totalling Rs. 51,000/- were given for the purchase of equipments for the Physio Occupational Therapy Institute but upto 1965-66 only Rs. 39,142.88 were utilised and the balance of Rs. 17,857.12 remained unutilised. Even in the amount shown as utilised certain liabilities were included which on March 31, 1966 amounted to Rs. 7,602.24.

(xv) From 1960-61 to 1965-66 grants totalling Rs. 3,50,069.07 were paid by the Ministry of Education, Ministry of Health and the Delhi Administration for the Occupational Therapy Institute Sheltered Workshop under the pattern of assistance set out in grants. The grants were to be restricted to 75 per cent of the total expenditure or the actual deficit whichever was less. Even though this pattern was accepted by the Institute it went on accumulating deficits and a grant of Rs. 1,33,605.00 to cover the deficits accumulated upto 1965-66 was sanctioned because of the interest taken by the Finance Minister. Thus the Institute did not subject itself to any financial discipline or control.

(xvi) There were excess payments totalling Rs. 20,065.50 upto 1965-66 due to the mistakes in working out the deficits.

Further there were also outstanding liabilities amounting to Rs. 10,335.73

which apparently were not taken into account while working out the grants admissible and paid. There is nothing to show that these liabilities were discharged at the time the grants were given.

(xvii) Even though grants were given by the Government to the Institute for the purchase of specified equipments the Institute did not utilise the grants for the purchase thereof and in some cases purchased some equipments other than the ones for which grants were given.

(xviii) The auditing Chartered Accountant pointed out various irregularities in the accounts such as the non-maintenance of Children Personal Account, of stock registers, for rations, of inventory registers for assets, of register of fees, of register of coupons sold to the staff. He also commented on the issuing of kucha receipts for moneys received and of not maintaining the cash book properly and receipts being shown for lesser amounts and payments being shown of higher amounts.

(xix) There were some serious financial irregularities in the Occupational Therapy Institute. The Institute did not subject itself to any financial discipline. The patterns prescribed by the Ministries for expenditure were not followed and deficits were accumulated due to extravagant spending and later on the Ministers and high officials were approached for grants for covering those deficits. The Commission finds that such requests were entertained without enforcing any financial discipline on the Institute.

TABLE 13-A  
(Referred in para 13.53)

Statement showing details of the income of the Occupational Therapy Institute from other sources. Grants-in-Aid received from the Government and the expenditure incurred in each year.

Year	Income	Grants	Expenditure
1955-56 .. ..	5,987.00	3,000.00	6,337.13 2,453.97 N.R.
1956-57 ... ..	33,240.00	..	23,476.67 7,977.73 N.R.
1957-58 .. ..	25,956.25 1,163.00	9,000.00 26,180.00 N.R.	36,867.30 1,873.43 N.R.
1958-59 .. ..	32,583.51	10,500.00	47,450.77 1,184.23 N.R.
1959-60 .. ..	25,247.28	8,000.00 10,000.00	52,127.57 12,444.33 N.R.
1960-61 .. ..	41,244.34 5,000.00 (DMC)	25,982.00 22,000.00 N.R.	76,385.51 18,849.96 N.R.
1961-62 .. ..	33,842.57	59,495.00 6,000.00 N.R.	89,918.35 14,526.35 N.R.
1962-63 ... ..	42,127.72 7,000.00 (DMC)	50,345.00 17,000.00 N.R. 33,850.00 N.R. (Bus)	1,18,869.61 21,708.69 N.R.
1963-64 .. ..	52,246.14	63,294.00 7,500.00	1,44,513.26 11,092.80 N.R.
1964-65 .. ..	1,41,827.14	87,228.00 15,650.00 N.R.	2,15,842.55 72,742.94 N.R.
1965-66 .. ..	71,006.40	1,46,278.00 10,000.00 N.R.	1,72,912.43 24,114.45 N.R.
1966-67 .. ..	66,154.03	90,000.00 G.I. 87,188.00 Delhi Admn.	2,64,280.22 24,132.21 N.R.
1967-68 .. ..	62,784.35	91,500.00 200.00 Vice President	1,66,782.66 3,806.70 N.R.
1968-69 .. ..	65,881.42 3,807.57 5,000.00 Donation equip- ment	1,04,000.00 Delhi Admn.	1,80,683.29 6,170.15 N.R.
1969-70 .. ..	63,070.25 3,609.90 1,250.05	94,868.00 Delhi Admn.	1,88,597.75 5,993.90 N.R.
1970-71 .. ..	69,999.75 5,021.16	96,140.00 1,000.00 Delhi Admn Vice President	1,97,426.62 2,873.37 N.R.
	8,65,049.83	11,76,198.00	22,15,416.50



TABLE 13-B

(Referred in para 13.53)

*Statement showing details of the income of the Occupational Therapy Institute Residential Section from other sources, Grants-in-Aid received from the Government and the expenditure incurred in each year.*

Year	Income	Government Grants	Expenditure
1961-62 .. ..	43,054.34	—	37,794.95 4,767.63 N.R.
1962-63 .. ..	52,710.54	15,480.00	50,763.80 8,249.56 N.R.
1963-64 .. ..	1,07,924.68	8,500.00	1,21,558.10 6,282.08 N.R.
1964-65 .. ..	1,09,396.88	19,134.00	1,54,173.42 5,199.56 N. R.
1965-66 .. ..	1,37,005.15	31,500.00	1,68,794.22 5,799.71 N.R.
1966-67 .. ..	1,14,892.77	19,000.00	1,63,234.42 7,836.52 N.R.
1967-68 .. ..	95,244.58	9,000.00 10,000.00 N.R.	1,37,476.94 11,041.74 N.R.
1968-69 .. ..	1,07,813.80	25,000.00 15,000.00 N.R.	1,48,027.25 17,962.15 N.R.
1969-70 .. ..	1,18,983.96	25,000.00 15,000.00 N.R.	1,62,924.95 18,914.90 N.R.
1970-71 .. ..	1,26,039.96	24,000.00 20,000.00 N.R.	1,82,448.62 25,833.76 N.R.
Total ..	10,13,066.66	2,36,614.00	14,39,084.28

TABLE 13-C  
(Referred to in para 13.97)

*Occupational Therapy Institute, Sheltered Workshop*

1963-64

	Rs.			Rs.
Total Recurring Expenditure ..	1,23,062.58	Sales .. .. .		28,547.73
		Fees .. .. .		1,472.00
Less Depreciation .. ..	3,069.65			
	<hr/>	Donation .. .. .		735.00
	1,19,992.93	Donation .. .. .		1,700.00
Non-Recurring Expenditure ..	4,500.74*	Misc. receipts .. ..		241.00
		Citizens Council .. ..		10,000.00
Total Expenditure ..	<hr/> 1,24,493.67	Total Income ..		<hr/> 42,695.73

1964-65

Recurring expenditure ..	1,56,811.65	Sales .. .. .		56,954.83
Less Depreciation .. ..	4,162.51	Stock .. .. .		1,215.76
	<hr/>	Fees .. .. .		4,105.00
	1,52,649.14	Misc .. .. .		688.56
Non-Recurring expenditure ..	7,681.51*	Donation .. .. .		420.00
		Donation .. .. .		5,999.34
		Donation equipments .. ..		3,824.21
		Sant Lal Godha Trust .. ..		1,000.00
		Women Club .. .. .		7,500.00
Total Expenditure ..	<hr/> 1,60,330.65	Total Receipts ..		<hr/> 81,707.70
	*1,546.16	†4,385.47		
	1,352.22	1,104.42		
	194.30	2,191.62		
	1,408.06			
	<hr/> 4,500.74	7,681.51		

Referred in Para 13.34

23, Mahadev Road,  
New Delhi: 30-11-1972.

The Chairman,  
Commission of Inquiry into  
Affairs of Bharat Sevak Samaj,  
New Delhi.  
Sir,

As plot No. 9 at Rouse Avenue Lane which was allotted to Bharat Sevak Samaj, Delhi Pradesh for constructing its office building which has been forcibly handed over to Occupational Therapy Institute, I now want to put on record that Delhi Pradesh has an investment of Rs. 72,573.01 as per details below:

Rs.

1. Cost of plot No. 9 (about 0.55 acres) allotted on 15-1-65 for office purposes to Bharat Sevak Samaj, Delhi Pradesh ..	19,800.00
Ground rent paid upto 14-7-68 ..	3,465.00
Registration charges ..	8.82
Preparation charges of the lease deed .. .. .	30.00
2. Cost of land plot No. 10 and 10-A for Jawaharlal Nehru Institute Area about 1 acre .. ..	5,000.00
Ground rent from 17-12-58 to 14-7-65 .. .. .	1,844.00
Preparation charges of lease deed .. .. .	30.00
Construction on the above two plots .. .. .	{ 17,686.75 9,950.00
3. Construction of sheds and building for Technical Training Institute on plot No. 9 ..	11,703.99
4. Cost of furniture left by T.T.I. with the said institute ..	3,054.45
	<hr/> 72,573.01

Besides the above amount, I also received a cash donation of Rs. 25,000/- from Shri Ram Narain Kalra for building a Prayer Hall, which sum was deposited in Fixed Deposit Account and was earmarked for the said purpose, and could not be used for any other purpose. I am afraid this sum has been utilised for a

L/S101-5

different purpose and it is for the Commission to find out the correctness of its use.

Yours faithfully,  
Sd/- BRIJ KRISHAN  
Chairman,  
B.S.S. Delhi Pradesh.

Referred in para 13. 34

# COUNCIL FOR THE AID OF CRIPPLED AND HANDICAPPED

(Regd. under Societies Registration Act XXI  
of 1860)

4 VISHNU DIGAMBER MARG.

NEW DELHI-1

Dated: Dec. 9, 1972

No. CAH/151/72

The Chairman,  
Commission of Inquiry into  
Affairs of Bharat Sevak Samaj,  
New Delhi (Krishi Bhavan)

Sir,

It is in reply to a copy of a letter dated 30-11-72 addressed to the Chairman, Commission of Inquiry into Affairs of Bharat Sevak Samaj, New Delhi by Shri Brij Krishan, Chairman, Bharat Sevak Samaj, Delhi Pradesh.

2. We deny the allegation mentioned in the first paragraph :

*Point No. 1:* In reply to point 1, we would like to say that we have nothing to do with the amount which Bharat Sevak Samaj paid to the Government as cost of Plot No. 9. We also don't have to do anything for the rent which the Bharat Sevak Samaj paid to the Government till 14-7-1968.

*Point No. 2:* In reply to point 2, we have already paid this amount to Bharat Sevak Samaj for plots No. 10 and 10-A. The Institute has also paid the rent of these two plots. Payment of the Lease Deed charges has also been made. Construction cost on the above 2 plots has been adjusted against the dues of the Institutions. Hence, this amount also may please be considered as paid.

*Point No. 3:* The cost of the temporary sheds at plot No. 9 in one of its corner, was stated previously to be Rs. 6,300/- only.

*Point No. 4: Technical Training Institute did not leave any furniture on plot No. 10 and 10-A on January 5, 1963 when they left it.*

3. It may, therefore, be stated that the amount of Rs. 6,300/- should be the outstanding amount against this Council. We hope the Bharat Sevak Samaj would not like to charge this amount of Rs. 6,300/- from the crippled and unfortunate people, who have been suffering and have been making efforts to stand on their own legs to live a life. We expected that the Bharat Sevak Samaj, which has so laudable objectives, should come forward to help these crippled people with funds so that they may have a suitable working place.

4. As regards a donation of Rs. 25,000/- towards Building Fund of the Institution of the handicapped children, we would like to mention that the amount was duly received by the Institution's Building Fund and it is for the purpose of Prayer Hall. But it may be mentioned that this account has nothing to do with Bharat Sevak Samaj.

Sincerely yours,

Sd/- (N. SWARUP)  
Coordinating Director



## CHAPTER 14

### SCHEME FOR THE PURCHASE OF TOOLS AND EQUIPMENT REQUIRED FOR TRAINING CENTRES & CAMPS RUN BY THE BHARAT SEVAK SAMAJ AND OTHER NON-POLITICAL ORGANISATIONS

#### Brief History of the Scheme

The Planning Commission by their letter No. PC/Pub/11/56 dated December 24, 1956 invited proposals from voluntary organisations about the schemes of Public Cooperation activities for execution during the second five Year Plan period. In response thereto, the Bharat Sevak Samaj submitted a comprehensive scheme involving an outlay of Rs. 3,90,22,100 vide their letter dated January 24, 1957.

14.2 In para 4 of the Planning Commission's letter dated December 24, 1956 referred to above, the organisations were also asked to furnish details of any scheme or programme of Public Cooperation to be undertaken during the remaining months of the financial year 1956-57 and the year 1957-58 direct to the State Governments concerned by January 25, 1957 indicating the total cost involved and the extent of financial assistance required from the Planning Commission. The State Governments were required to scrutinise the schemes and forward them to the Planning Commission with their recommendations. In response to this, the Bharat Sevak Samaj by their letter dated January 24, 1957 referred to above requested for a grant of a sum of Rs. 2,00,000 to be made available to them during the year 1956-57 for the immediate purchase of some Tools and Equipment for the Kendras to be set up under their scheme and for engaging organisational Staff.

14.3 The circumstances in which the Samaj was sanctioned a grant of Rs. 4,80,000, as against their request for Rs. 2,00,000 only, which was also not routed through any State Government and for which no recommendations were received from them, as required in the circular were as follows:—

A provision of Rs. 25 lakhs was made in the Budget for the year 1956-57 for Public Cooperation schemes under the Planning Commission. Out of this provision, a sum of Rs. 20 lakhs was surrendered as nothing out of that sum could be utilised upto the end of November, 1956.

14.4 The Coordination Committee said the scheme could not be considered as it required

examination. This was on February 5, 1957. Thereafter the Private Secretary to the Minister for Planning (Mr. H. K. D. Tandon) recorded the following note on February 6, 1957 about the utilisation of the balance provision of Rs. 5 lacs for the proposal made by Bharat Sevak Samaj.

#### (PLANNING MINISTER'S OFFICE)

"While meeting the representatives from the various States at the Badarpur Camp, it was represented to the Minister (for Planning) that considerable difficulty was experienced in arranging for tools and equipment like patromax lamps for the Bharat Sevak Samaj camps. At present these have to be arranged on hire and considerable expenditure is incurred on hiring them. Minister agreed that a more useful arrangement would be if in each District such equipment like shovels, buckets, petromax lamps and other similar camp equipment is purchased. About 1,000/- can be allotted to each District for the purchase of equipment. In all there were 328 districts so that the total cost will work out to Rs. 3,28,000/-. Minister desires that this amount should be sanctioned from the unutilised allotment of Rs. 5 lakhs for Public Cooperation work in the current year's budget. The equipment purchased for each District can remain in the custody of the Community Projects Authorities and can be utilised as and when needed for a Camp. Minister desires that a decision on this question should be secured in the meeting of the Coordination Committee due to be held on February 19, 1957. If any consultation with any Central Ministries is necessary, this may please be done before this meeting. JS(P) may kindly see for necessary action.

Sd/- H. K. D. TANDON,  
6-2-1957".

14.5 The Secretary of the Coordination Committee on Public Cooperation (Mr. N. S. Vardhachari) observed as follows:—

“It is suggested by the Minister for Planning that before the scheme of the Bharat Sevak Samaj for public Co-operation is considered in its entirety, it may be useful to examine whether the request of the Bharat Sevak Samaj in para 31 of the scheme can be immediately considered by the Co-ordination Committee. Even the Bharat Sevak Samaj would like this to be done, as has been ascertained by me. The request is for tools and equipment, which would be needed in all the districts where their organisation is functioning. The Bharat Sevak Samaj has an organisation almost in every district of the country and an advance provision for tools and equipment such as has been outlined in App. ‘F’ of the scheme will facilitate the participation of the Bharat Sevak Samaj in all schemes where voluntary labour or shramdan can play its part. The suggestion is that Rs. 1,000/- worth of equipment for each district (details to be decided in consultation with the Bharat Sevak Samaj and the Ministry of Community Development) may be bought and kept in the custody of the Community Project or Block Development Officer so that it can be made available to the Bharat Sevak Samaj or other voluntary organisations on a requisition from the Convenor or Secretary of the organisation concerned. There is no doubt that this would be a useful arrangement considering the varied nature of the number of development works in project and other areas as well.

2. I had first thought for contacting Mr. Mankodi in person and obtaining his reactions, but since he is on tour and I understand, he may not be returning before the 19th inst.—the date fixed for the next meeting of the Co-ordination Committee. I am sending the file for urgent comments.

Sd/- N. S. VARADACHARI,  
9/2/1957”.

[Ministry of Community Development  
PC.U.O.No. PC/Pub/8(2)/56, dt.  
9-2-57.]

14.6 The Ministry of Community Development made the following comments on the proposals:—

#### MINISTRY OF COMMUNITY DEVELOPMENT

(from pre page)

“Mr. Varadachari discussed this with Secretary today. Subject to the views of Development Commissioners concerned, there should be no objection, it was felt, to the tools & equipment being kept at one or more centres in the National Extension Service or Community Development Blocks, under the custody of the Block Development Officers concerned.

Sd/- R. JAGANNATHAN

18/2/57”.

#### PLANNING COMMISSION (MR. N. S. VARADACHARI) SECRETARY (CPC)

14.7 The proposal was thereafter considered in the 4th meeting of the coordination Committee for Public Cooperation held on February 20, 1957. It was stressed that the amount may be utilised for initial purchase of tools & equipments required for training Centres and other Camps run by the Bharat Sevak Samaj and other Voluntary Organisation. The Chairman of the Committee (Planning Minister) was of the view that the tools etc. should be purchased immediately so that they might be available to the Centres and the Camps in the beginning of the next financial year. The question relating to their purchase by the Ministry of Community Development was also examined. It was explained on behalf of the said Ministry that it was not possible for that Ministry to effect the purchase during the short time available, as tenders would have to be invited and quotations considered. On a request from the Bharat Sevak Samaj, it was then decided that a grant-in-aid of Rs. 4,80,000 should be made to the Samaj for the specific purpose of purchasing the tools and equipment and the Ministry of Community Development should provide facilities for their storage.

14.8 When the proposal was referred to the Ministry of Finance for concurrence, the same was turned down for the following reasons:—

- (i) The details of the specific schemes for which the tools and equipment were required were not known.

- (ii) The propriety of requiring public servants to keep in their custody properties, belonging to a non-official Organisation may also raise other difficulties.
- (iii) The proposal of sanctioning grant-in-aid to the Bharat Sevak Samaj was likely to lay the Ministry open to the criticism that the grant was being made to avoid the lapse of funds. It was doubtful if the Samaj would be able to spend the money properly within the next few days of the financial year.

14.9 The position was reviewed in the Planning Commission as under:—

#### PLANNING COMMISSION

The points raised by Finance are two.

“The first is that there are no definite schemes in respect of which grant is to be made to the Bharat Sevak Samaj. The position is this: that the tools and equipment asked for by the Bharat Sevak Samaj are intended for the use of either the branches of the Samaj or other—responsible social organisations desirous of mobilising and putting forth voluntary labour from rural areas is the execution of schemes either in the community projects or under local development works or other schemes, like irrigation projects, and so forth, already sanctioned either by Central or State Governments. In order to assist voluntary labour, these tools and equipment are to be placed in the custody of the community projects so that they can be used at any time either by the Bharat Sevak Samaj or by other voluntary organisations. Though the tools and equipment would become the property of the Bharat Sevak Samaj, the Samaj have agreed to placing it under the custody of responsible Government officers belonging to the Community Projects Departments. Considering the venue of work, it was suggested that the community projects should become the custodian of these tools and equipment. The Bharat Sevak Samaj represents in a wide sense the urge to associate in increasing measure public cooperation with planned

development and so it would include the other voluntary organisations working for the same purpose as well. This position has been fully recognised by the Bharat Sevak Samaj.

“The second point urged is that the Bharat Sevak Samaj may not be in a position to utilise the grant before the close of the year. This point was considered by the Committee. It is only after the Ministry of Community Development expressed its diffidence to utilise the grant this year, if it was made in its own favour, that this was offered to the Bharat Sevak Samaj which felt competent to undertake the task of buying the tools and equipment before the close of the financial year. It is a fact that some time has been lost in getting the reactions of Finance to the resolution of the Committee. Shall we not ascertain from the Bharat Sevak Samaj whether this proposal cannot be postponed for a reconsideration during the next financial year? It is possible that if that course is adopted, the proposal may be sponsored by the Ministry of Community Development as a grant to the Bharat Sevak Samaj on the terms and conditions indicated in the resolution of the Committee.

“The grant is proposed to be made to the Bharat Sevak Samaj not because it is any favoured organisation, but for the simple reason that other organisations have not put forward any other organisations, who may at any time express a desire to participate in the kind of work contemplated are not overlooked since the tools and equipment are to be made available by the Bharat Sevak Samaj to such organisation as well.”

Sd/- N. S. VARADACHARI,

12/3/1957.

“Minister (Planning) may kindly see the notes of Finance Ministry dated March 9, 1957 turning down the proposal to sanction a grant-in-aid of Rs. 4.8 lakhs in 1956-57 for Bharat Sevak Samaj to purchase tools and

equipments for Public Cooperation Work. Their main objections are:—

- (1) "the propriety of requiring public servants to keep in their custody properties belonging to a non-official organisation may also raise other difficulties;
- (2) "the proposal of sanctioning grant-in-aid to Bharat Sevak Samaj is likely to lay the Ministry open to the criticism that the grant is being made obviously to avoid the lapse of time. It is doubtful if the Samaj will be able to spend this money properly within the next few days of the current financial year."

"The tools and equipments were being purchased for all Public Cooperation Work. The Bharat Sevak Samaj and all other organisations would utilise these equipments. The Ministry of Community Development had agreed to act as custodian for these tools and equipments. There should really have been no objection to this procedure. It appears to me that it will, however, be too late at this state to buy the equipment. We will have to consider the purchase of tools and equipments in the next financial year and perhaps then the Ministry of Community Development can be requested to sponsor this proposal on their behalf."

Sd/- P. P. AGARWAL,  
13/3/1957.

#### MINISTER (PLANNING)

"Perhaps some of us here do not realize what harm we are doing by allowing the progress of such schemes to be retarded. It is easy to find reason for not letting a scheme of this kind go ahead. But they will not be able to help us to make up the time lost later. The limited energy of so many people is being devoted to this constructive activity which is calculated to produce positive results for the good of the nation in many ways. The expectation is that everybody in government will prove helpful. The experience is not uniformly favourable.

"These observations apply to so many other matters which are being dealt

with in the Government at present, in connection with the same type of activity. Our efforts to secure land and put up buildings for training of overseers—a new class of overseers, who will assist in promoting labour cooperatives etc. are being thwarted. I wish I could meet all these officers who have to handle these questions to explain to them and convince them that there are high obligations involved.

Sd/- G. L. NANDA"  
18/3/1957.

"Finance Secretary, Mr. Ratnam may kindly see notes from p. 13/N.

Sd/- P. P. AGARWAL,"  
18/3/1957.

[Ministry of Finance (Mr. S. Ratnam, Secretary), Planning Commission U/O No. PC/Pub/8(2)/56, dt. 18-3-1957.]

"This matter was discussed by the Planning Minister with the Finance Secretary. Finance Secretary informed me this morning that the Finance Minister has since been agreed to make an out-right grant of Rs. 4.8 lakhs to the Bharat Sevak Samaj to purchase tools and equipment for public cooperation work. This may now be confirmed by the Finance Ministry so that necessary sanction orders could be issued.

I have informed the Bharat Sevak Samaj that a grant of Rs. 4.8 lakhs is being made to them this year for the purchase of tools and equipments.

Sd/- P. P. AGARWAL,"  
Joint Secretary  
Planning Commission  
Phone: 49990  
22/3/1957.

[Ministry of Finance (Shri Pandey, Deputy Secretary), Planning Commission, U.O. No. dt.



## MINISTRY OF FINANCE

Secretary Expenditure has spoken to Finance Minister who has agreed that a grant-in-aid of Rs. 480 thousands may be sanctioned to the Bharat Sevak Samaj for the purchase of tools and equipment.

Sd/- x x x  
23-3-1957.

## PLANNING COMMISSION

### **Bharat Sevak Samaj failed to purchase the tools and equipment during the year 1956-57**

14.10 The main consideration for which the grant was sanctioned to the Bharat Sevak Samaj during the financial year 1956-57 was that the Ministry of Community Development expressed its diffidence to utilise the grant that year during the short time available as tenders would have to be invited and quotations considered and the Samaj felt competent to undertake the task of buying the tools and equipment before the close of the financial year.

14.11 The Samaj, however, failed to effect any purchase of the tools and equipment during the financial year 1956-57 and even during the entire Calendar year 1957, no serious efforts were made to effect the purchases. In fact even the orders for the supply of tools and equipments were placed with the firms only on December 28, 1957. The time limit for the purchase was first extended upto August 31, 1957, then upto October 15, 1957 and finally upto March 31, 1958. Even then, the Bharat Sevak Samaj could utilise only a sum of about Rs. 61,000/- upto the end of April, 1958, and a substantial portion of the grant remained locked up with the Samaj. The funds were however utilised by the Bharat Sevak Samaj for its other activities. The Samaj was asked by the Planning Commission on June 24, 1958 to surrender the unspent amount of Rs. 4,19,000 forthwith to the Government and as and when the funds were again required towards payment for tools and equipment, these would be released to them.

14.12 Ultimately the Samaj refunded a sum of Rs. 2,00,000 on July 3, 1958 and Rs. 65,000 on January 6, 1959 out of the unspent amount of the grant lying with them. Thus a major portion of the grant remained locked up with the Bharat Sevak Samaj unutilised and the very purpose for which the grant was given to them viz. to purchase the tools and equipments expeditiously so as to make them available to all the centres and the camps at the

beginning of the financial year 1957-58, as against the proposal to have the tools and equipment purchased through a Government Department, (Department of Community Development) was defeated.

### **Diversion of the grant-in-aid for other purposes not covered by the Scheme**

14.13 The payment of the grant-in-aid to the Bharat Sevak Samaj was subject to the condition that no part of it shall be utilised by the Samaj for any purpose other than that for which it was specifically sanctioned. The grant of Rs. 4,80,000 was sanctioned to the Samaj for the specific reason that the Ministry of Community Development had expressed its inability to purchase the tools and equipment during the financial year 1956-57 because of shortage of time as tenders had to be invited and quotations considered and surprisingly the Samaj felt itself competent to undertake the task of buying the tools and equipment before the close of the financial year 1956-57 which was less than a month hence.

14.14 The Bharat Sevak Samaj, however, did not make any purchase of the tools and equipment during the financial year 1956-57. And it was for not paying during the short time before the end of the year 1956-57 that Mr. G. L. Nanda was berating the officials of the Finance Ministry who were after all trying to be realistic. In fact, it was at the end of the year 1957 i.e. December, 1957 that some orders were placed by the Samaj with the firms for the supply of the tools and equipment. The Samaj instead put the whole of the grant in their general account on March 29, 1957. It was kept in call deposits with the Punjab National Bank, Regal Building, New Delhi on June 7, 1957. The deposits and withdrawals from the above call deposit account from time to time were as under:—

	Rs.	P.
Amount initially deposited on 7-6-57 (Call deposit) ..	4,80,000	00
Interest accrued 7-6-57 to 12-12-57 added to call deposit ..	8,906	59
Interest accrued 13-2-57 to 23-12-57 added to call deposit ..	765	26
	4,89,671	85
Less amount withdrawn from call deposit on 24-12-57 ...	1,60,000	00
	3,29,671	85

	Rs. P.
Amount deposited in call deposit on 14-3-58 .. ..	1,11,000·00
	4,40,671·85
Add interest received on 28-5-58 ..	7,430·40
	4,48,102·25
Less withdrawal of call deposit on 1-7-58 .. ..	2,00,000·00
	2,48,102·25
Less withdrawal of call deposit on 12-8-58 .. ..	1,30,000·00
	1,18,102·25
Less withdrawal of call deposit on 1-9-58 .. ..	93,102·25
	25,000·00
Add interest on call deposit received on 3-10-58 .. ..	397·99
	25,397·00
Withdrawal on 24-10-58 .. ..	(—)25,397·00

14.15 The Samaj earned a total interest of Rs. 21,659.29 on the above call deposit a/c. out of which they refunded a sum of Rs. 19,969.62 on May 16, 1960 and Rs. 837.26 on August 19, 1960 to the Government after the fact of earning of interest on the Government grant was pointed out by the Chartered Accountants in their audit report dated June 15, 1959 for the period ending March 31, 1959. The Samaj in their letter No. 3/T&P/A/57-58, dated 15/17-10-62 to the Planning Commission had stated that the balance of the in-

terest of Rs. 852.41 had been earned on the grants for the training centres given by the Ministry of Irrigation and Power. The Samaj in their letter of even number dated September 17, 1962 had also stated that the interest of Rs. 852.41 had been utilised for the purpose for which the grants were given by the Ministry of Irrigation and Power.

14.16 It may however be observed from the statements of accounts submitted by the Samaj to the Commission for the grants-in-aid received by it from the Ministry of Irrigation and Power that the credit of Rs. 852.41 was not accounted for therein. In reply to the question from the Commission as to how the Samaj claimed that the interest of Rs. 852.41 had been utilised for the purpose for which the grants were given by the Ministry of Irrigation and Power, it has been stated by the Samaj that the interest of Rs. 852.41 formed part of interest aggregating Rs. 21,659.29 which was credited in the Cash Book from time to time and as the Ministry of Irrigation and Power had not insisted for its refund, it was kept by the Samaj as part of general cash balance and no separate account of expenditure against this credit was kept. This shows that the interest of Rs. 852.41 earned on Government grants was retained by the Samaj and not utilised for the purpose for which the grants were given by the Planning Commission or the Ministry of Irrigation and Power.

14.17 The other temporary diversions of the grant-in-aid funds for activities not covered by the scheme are shown by the cash book of the Samaj giving Bank Account No. 3868 relating to Tools and Equipments and Training Centres. The diversions shown therein are as follows:—

Sl. No.	To whom given	Amount	Date of payment	Date of Repayment	Amount
		Rs.			Rs.
1	Bharat Sevak Samaj Central 'A'	49,000·00	12-3-58	6-4-59	49,000·00
2	Camp Section Bharat Sevak Samaj	20,000·00	7-6-57	19-7-57	20,000·00
3	Camp Section Bharat Sevak Samaj	1,60,000·00	24/26-12-57	7-2-58	1,00,000·00
				12-3-58	11,000·00
				12-3-58	49,000·00
4	Central Construction Service Bharat Sevak Samaj for the construction of pavilions at the INDIA 1958 Exhibition	1,00,000·00	1-9-58	23/30-12-58	50,000·00
				7-2-59	25,000·00
				6-4-59	25,000·00
5	Work Camp Section Bharat Sevak Samaj Account No. 3368	24,000·00	4-5-60	14-5-60	24,000·00

**Position about the utilisation of grants given to the Samaj for the purchase of tools and equipment**

14.18 The following grants-in-aid were given to the Samaj for the purchase of tools and equipment:—

Year	Sanction letter No. and date	Amount of grant
		Rs.
1956-57	PC/Pub/8(2)56 dt. 22-3-57	4,80,000
1959-60	PC/Pub/8(2)/56 dt. 16-5-59	85,000
1959-60	PC/Pub/8(2)56 dt. 9-6-59	70,000
1959-60	PC/Pub/8(2)56 dt. 16-1-60	63,000
1960-61	PC/Pub/8(2)56 dt. 23-9-60	5,000
		7,03,000

14.19 A sum of Rs. 2,65,000 was refunded by the Bharat Sevak Samaj in cash in two instalments of Rs. 2,00,000 and Rs. 65,000 on July 3, 1958 and January 6, 1959 respectively because the Samaj failed to utilise the grant. Thus the net amount paid as grants was Rs. 4,38,000/-.

14.20 Utilisation certificates were issued for a sum of Rs. 3,37,875.08 being the expenditure incurred against the grants for the period, 28-3-57 to 30-9-59 (vide Planning Commission letter No. PC/Pub/8(2)/56 dated 16-1-60).

14.21 The Samaj earned an interest of Rs. 21,659.29 by transferring the grants to call deposit account. Out of this a sum of Rs. 20,806.88 was refunded to the Government when the fact was pointed out by the Chartered Accountants. The balance of Rs. 852.41 is still with the Samaj which they have merged with their general funds. According to the Samaj this interest pertains to the funds of the grants sanctioned by the Ministry of Irrigation and Power for Training Centres—River

Valley Projects. According to the Samaj, as the Ministry of Irrigation and Power had not insisted for its refund, it was kept by them as part of its general cash balance.

14.22 Utilisation Certificate for a sum of Rs. 1,00,124.92 is yet to be issued by the Government of India.

14.23 According to the audited statement of expenditure submitted by the Samaj a sum of Rs. 1,271.46 was lying with them as on March 31, 1962.

**Tools and Equipments not acknowledged by the Consignees**

14.24 The tools and equipments which were centrally purchased by the Bharat Sevak Samaj were despatched by them or by the suppliers to the Block Development Officers or the other office-bearers of the Bharat Sevak Samaj who were to keep the tools and equipments in their custody. In respect of the tools and equipments despatched directly by the suppliers to the Consignees the bills were to be paid only after the stamped acknowledgement of the consignees were produced by the suppliers. The Auditors in their reports pointed out from time to time that they were not shown the acknowledgements of the consignees for the tools and equipments received by them in many cases or the certificates showing the entry of the tools and equipments in the stock registers of the consignees. The Bharat Sevak Samaj was asked by this Commission to produce the required acknowledgements and certificates; but they have not been able to produce the acknowledgements from the consignees for the tools and equipments, worth Rs. 51,383.08. The bills of the consignees whose acknowledgements have not been produced are contained in Table 14-A.

14.25 Apart from these cases where no acknowledgements of the consignees were produced, there were also cases where the acknowledgements were not complete as some vital element about the acknowledgements was wanting. Thus in some cases the acknowledgements were not signed even though the stamp of the consignee was affixed and in other cases the stamps were not affixed even though some signatures were given. The total of such incomplete acknowledgements for receipt of the tools and equipments worked out to Rs. 3,205.29, the details of which are given in Table 14-B.

**Use of Tools and equipment purchased out of Government Grant for the construction service of the Samaj**

14.26 A sum of Rs. 1,200 was advanced by the Samaj to Mr. Chander Parkash, Joint Secretary for the purchase of tools and equipment out of which he purchased the following articles worth Rs. 1189.20:—

	Nos.
Phawras .. .. .	150
Taslas .. .. .	150
Hammers .. .. .	30
Shovels .. .. .	25
Wooden handles .. .. .	146
Durmat .. .. .	25
Panja for Rouri .. .. .	6
Patromex .. .. .	1

14.27 The Samaj has mentioned in their affidavit that these purchases were for construction work and they did not receive any objection from the Government in regard to these purchases made.

14.28 Similarly 47 pick axe heads costing Rs. 235/- were deposited on 9-7-65 at the multi-storeyed Building which was being constructed by the Samaj. The Programme Adviser, Central Construction Service of the Bharat Sevak Samaj directed that the items be kept in stock without raising any debit on the work. Thus these tools were transferred by the Samaj for their own contract work for which no corresponding credit was given to the Government in the grant-in-aid account.

**Annual stock taking certificates of the tools and equipment not obtained by the Samaj**

14.29 The tools and equipment purchased by the Bharat Sevak Samaj out of the Government grant were distributed to 198 Block Development Officers and functionaries of the Samaj who were to lend them to the Samaj and other non-political organisations for labour and social service camps and other shramdan activities as and when required.

14.30 In reply to a question by the Commission as to whether the Samaj obtained the annual stock taking certificates from the 198 centres to which the tools were supplied, the Samaj has stated that necessary instructions

were issued to all the centres to furnish the annual stock certificates and 6 monthly report about the use of the tools and equipment and that whatever reports were received, were either sent to the Government of India or are contained in the files sent to the Commission.

14.31 The other questions put to the Samaj in this regard and the replies furnished by it are as under:—

Q. "If the annual stock taking certificates were not obtained, how did the Samaj ensure that the tools and equipments were available with the Centres from time to time?"

Ans. In this office letter No. 3/T&P/57-58 dated 10-5-68 to the Finance Officer, Department of C.D. LKK Section, Ministry of Food Agriculture, Community Development & Co-operation, New Delhi, the following facts were brought to the notice of Govt. and it was suggested that the functionaries be advised to dispose of the implements in stock, in 'as is where is' condition and remit the sale proceeds to our office for credit to Government.

- (i) The tools and equipments were issued to various B.D.O.s and functionary of the BSS for Shramdan and Public Cooperation activities, but the complete accounts of the implements lying with them were never in hand, as the half yearly reports were not received from all of them and were seldom complete.
- (ii) The tools and equipments which were with the B.D.O.s and functionaries for the past many years could not after a long wear and tear be immune from being broken and rusted or otherwise becoming unserviceable through proper use, and wear and tear.
- (iii) The requests from the functionaries for the disposal of articles lying with them.
- (iv) The transfer of implements from one place to another would mean waste of money since these were spread out from one corner of the country to another. The Govt. however in their letter No. 24(4)/

67-LKK dated 26-8-69 did not agree to our proposal. The matter was again taken up with the Govt. in this office letter No. 3/T&P/57-58 dated 20-11-69 and their attention was invited to this office letter No. 3/T&P/57-58 dated 7-12-65 wherein we requested inter alia to take up the matter with the State Govt. for emphasising upon the B.D.O.s to furnish us with the full picture of the availability of the tools and equipments with them, as they being Govt. officials might heed more for Govt. communications than the communications etc. sent by BSS. It was also emphasized that availability reports were not being received because the users had consumed tools and equipments on work or they had become unserviceable and perished through proper wear and tear by regular use on various projects during the last decade.

Q. If the Bharat Sevak Samaj is not getting the utilisation reports or getting the stock verification reports, please indicate when the Bharat Sevak Samaj stopped getting these reports?

Ans. The BSS has never stopped getting utilisation reports, though these are not being received in all cases in spite of reminders.

Q. What is the present position about the availability of these tools and equipments with the various centres? What is the control the Bharat Sevak Samaj is having over the tools and equipments?

Ans. We have not been able to get a complete picture regarding Tools and Equipments with the various centres in view of practical difficulties explained in para 3 above. The implements have, however, outlived their normal life of about 6 months depending upon the kind and amount of work on which used. This office file No. 3/T&P/A/57-58 containing the documents referred to in reply to questionnaires 1 to 5 and 7 is enclosed."

14.32 It would thus be observed that the annual stock taking certificates were never obtained regularly from all the centres and the

Samaj does not know about the present position of their availability with the various centres and that it does not have any control over them.

#### Utilisation of the Tools and equipments purchased out of Government Grant

14.33 The grants received by the Bharat Sevak Samaj were partly utilised for purchase of Tools and Equipments and the Bharat Sevak Samaj distributed these tools and equipments to 169 Block Development Officers and 29 Functionaries of the Bharat Sevak Samaj. The tools and equipments supplied to each of the B.D.O.s or the Functionaries were the following items:—

Sl. No.	Name of article	Number supplied
1	Spades Heads .. ..	84
2	Iron Taslas .. ..	50
3	Spade Handles .. ..	84
4	Pick-axe Handles .. ..	36
5	Shovels (3½ lbs) with handles ..	84
6	Hammers 1 lb. (with handles) ..	8
7	Crowbars 5'—5"×1" .. ..	8
8	Augers 12 inches .. ..	4
9	Axe heads .. ..	8
10	Hurricane Lanterns .. ..	12
11	Stirrup Pumps .. ..	2
12	G.I. Buckets, size 12" .. ..	24
13	Measuring tapes 100 ft. metallic ..	5

14.34 The tools and equipments supplied to the Block Development Officers were subsequently transferred to the Functionaries of the Bharat Sevak Samaj in 35 cases in the year 1959-60. In fact, these transfers were effected at the request of the Bharat Sevak Samaj in July, 1959 that they should be permitted to take over tools from the Block Development Officers where the Samaj had adequate facilities for storage and had to make frequent use of the tools and equipments.

14.35 On August 19, 1958 the Bharat Sevak Samaj wrote to the Block Development Officers and Functionaries of the Bharat Sevak Samaj asking them to furnish details about the arrangements for the safe custody of the tools and equipments and to furnish detailed report about the use made of the

implements. In February 1959 they asked them to furnish these reports half-yearly; in the first week of July and January every year and also to submit certificates to the effect that annual stock taking of the implements had been carried out. The records produced before this Commission shows that neither the utilisation certificates about the use of the tools and equipments nor the physical verification certificates were received from all the Block Development Officers and Functionaries. The records also indicate that in fact the Functionaries of the Bharat Sevak Samaj were defaulters to a greater extent than these Block Development Officers. The number of Block Development Officers and the Functionaries from whom reports were received for the various periods are indicated below:—

Reference to the letter of the Samaj in which reports were sent to the Planning Commission	Total Number of B.D.O's and Functionaries to whom reports regarding tools and the use of tools and implements were supplied	Number of B.D.O's from whom reports regarding use of tools and implements were received	Number of B.S.S. Functionaries from whom reports regarding use of tools and implements were received
No. 3/I&P/A/57-58 dt. 5-3-59	198	80	8
No. 3/I & P/A/57-58 dt. 7-4-59	198	34	7
No. 3/I & P/A/57-58 dt. 16-8-60	198	44	1
No. 3/I & P/58/3/USC dt. 20-3-61	198	22	9
No. 3/I & P/58/31/USC dt. 14-9-61	198	26	3
No. 3/I & P/A/57-58 dt. 22-5-62	198	19	5
No. 3/I & P/58/31/USC dt. 10/11-9-62	198	16	2
Report for the period 1-7-62 to 31-12-62	198	15	1

14.36 From the above it will be seen that after December, 1962 no reports regarding the use of these tools and implements were received from the Bharat Sevak Samaj.

#### Physical Verification Certificates

14.37 As regards the physical verification certificates, these were received by the Bharat Sevak Samaj only from the year 1966. The first certificate was sent on 12th March, 1966 to the Planning Commission but these certificates

were not received from all the Block Development Officers and Functionaries and only in respect of a very few the certificates were sent to the Planning Commission. The number of Block Development Officers and Functionaries in respect of whom these physical verification certificates were sent was as follows:—

Reference to the letter of the Bharat Sevak Samaj	Total number of B.D.O's and B.S.S. Functionaries to whom these tools and implements were supplied	Number of B.D.O's from whom physical verification certificates were received	Number of B.S.S. Functionaries from whom physical verification certificates were received
No. 3/I & P/A/57-58 dt. 12-3-66	198	22	11
No. 3/I & P/A/57-58 dt. 17-6-66	198	45	12
No. 3/I & P/A/57-58 dt. 17-8-66	198	59	21
No. 3/I & P/A/57-58 dt. 6-1-67	198	43	10
No. 3/I & P/A/57-58 dt. 20-7-67	198	18	6

#### Purposes for which tools and implements were utilised

14.38 From the reports about the use of the tools and implements received from the various Block Development Officers and functionaries it is seen that the tools and implements were used only in a very few camps as would be evident from the following figures:—

Reference to the Report of the Bharat sevak samaj to the planning Commission	No. of Centre in which tools and implements were used in camps
Date	
5-3-59 .. .. .	15
5-4-59 .. .. .	8
9-8-60 .. .. .	9
20-3-61 .. .. .	7
14-9-61 .. .. .	6
22-5-62 .. .. .	7
11-9-62 .. .. .	6
Report for the period 1-7-62 to 31-12-62 .. .. .	3

### Delay in the Utilisation of grants

14.39 Grants totalling Rs. 4.8 lakhs were sanctioned to the Bharat Sevak Samaj on 22nd March, 1957. Firm orders were placed by the Bharat Sevak Samaj for the purchase of these tools and implements only in the last week of December, 1957 and first week of January, 1958. Upto the end of April, 1958 only an amount of Rs. 61,000/- had been utilised, and upto the end of 31st July, 1958 Rs. 90,642/- had been utilised. On 16th August, 1958 when the scheme for the Lok Karya Kshetras was sent to the Finance Minister of the Government of India for approval he had remarked that despite several extensions given for the utilisation of the grants of Rs. 4.8 lakhs the Samaj could use hardly Rs. 1½ lakhs by the end of July, 1958. The following were his remarks:—

“I find that in March, 1957 a sum of Rs. 4.8 lakhs was made available to the Samaj for the purchase of tools and other equipment for training centres and camps run by the Samaj. Despite several extensions, of this amount hardly 1½ lakhs will have been spent by July, 1958, of which as much as 17,000/- is said to be for administration expenses and the Samaj had been asked to return to Government the balance of Rs. 3½ lakhs”.

### Organisational expenses of Rs. 5,000 paid to the Samaj for purchase of tools and equipment

14.40 The Bharat Sevak Samaj earned an interest of Rs. 20,806.88 by investing in call deposits the grant of Rs. 4,80,000/- received by them from the Planning Commission for the purchase of tools and equipment.

14.41 The Samaj requested the Government of India to utilise the above amount of interest in meeting their out of pocket expenditure incurred on the establishment engaged for dealing with the purchase of tools and implements, postage and stationery.

14.42 When the proposal was referred to the Ministry of Finance for their concurrence, that Ministry remarked that since the interest had been earned on unspent portion of Government Money, the Bharat Sevak Samaj could not legitimately claim that amount as a part of their own earnings and as such the Samaj had no claim to the interest earned on the unspent portion of the grant, which should

therefore be refunded in the first instance before their claim for organisational expenses could be considered for which the full details should be furnished by them.

14.43 The Samaj accordingly refunded the sum of Rs. 20,806.88 (Rs. 19,969.62 on 27-5-60 and Rs. 837.26 on 24-8-60).

14.44 The Planning Commission in their letter No. PC/Pub/8(2)/56 dated the 3rd February, 1959 called from the Samaj the details of the expenditure of the out of pocket expenses incurred by them. In reply the Samaj in their letter dated May 7, 1959 and letter dated December 18, 1959, furnished details of the expenditure incurred by them upto March 31, 1960 as follows:—

	Rs.
(i) Proportionate and periodical salary .. ..	15,180.75
(ii) Proportionate stationery ..	1,011.70
(iii) Postage .. ..	941.33
	<hr/>
	17,133.78

14.45 When the matter was referred to the Ministry of Finance to allow the Samaj to meet the above expenditure out of the interest earned by them on the Government grant, the Ministry remarked as follows:—

“The original grant for the purchase of tools and equipment never contemplated payment of further grant for overheads. For a scheme like this, such organisations are supposed to provide for the requisite staff etc. to implement it. In view of this, there is no justification for the payment of any overheads on the basis of pattern of assistance generally followed in such cases. But in view of the fact that the Bharat Sevak Samaj had to face certain difficulties and there was inordinate delay in procuring the tools and equipments and the Samaj was required to detain their staff for a longer period than they would have ordinarily deployed, we may, as a special case, agree to an *ad-hoc* sanction of Rs. 5,000/- as an *ex-gratia* payment to the Samaj.”

14.46 The grant of Rs. 5,000 was accordingly sanctioned vide Planning Commission's letter No. PC/Pub/8(2)/56, dated 23rd September, 1960 which only shows that the claim as originally laid was much in excess and exaggerated.

#### **Loan of Rs. 20,000 taken from the Bharat Sadhu Samaj**

14.47 The Bharat Sevak Samaj took a loan of Rs. 20,000 from the Bharat Sadhu Samaj on 20th March, 1959 and repaid it on 6th April, 1960. An interest of Rs. 837.26 at the rate of 4% per annum was also paid to the Bharat Sadhu Samaj on the above loan. An analysis of the balances of the grant-in-aid received by the Samaj for the purchase of tools and equipment shows that the Samaj had an unspent balance of Rs. 57,801.77 available with it on the date the loan was taken from the Sadhu Samaj as shown below:—

	Rs.
Grant received .. ..	4,80,000.00
Less expenditure upto 20-3-59 ..	4,43,857.52
Unspent balance .. ..	36,142.48
Add interest earned on the call deposits .. ..	21,659.29
	<hr/> 57,801.77

14.48 Thus the necessity for the loan arose on account of the fact that the Bharat Sevak Samaj diverted funds out of the Government grant for its other activities, particularly to the Central Construction Service for the construction of pavilions at the "INDIA, 1958 Exhibition" and for the general activities of the Bharat Sevak Samaj.

14.49 No formal loan document was executed between the Bharat Sadhu Samaj and the Bharat Sevak Samaj for the above loan.

#### **Payment of advances out of the grant for the other purposes**

14.50 An advance of Rs. 500/- was paid on July 7, 1958 to Mr. Shanti Lal Kuthari, Special Assistant to the Minister for Planning repayable in a fortnight. Another advance of

Rs. 500/- was again paid to him on July 31, 1958 to be repaid by him on the receipt of his salary from the Government. A sum of Rs. 300/- was repaid by him on October 17, 1958 and the balance of Rs. 700/- on May 11, 1959.

The payment of advances out of the grant-in-aid for personal needs of an official was not in consonance of the terms of the grant.

14.51 To sum up, the Commission finds (i) that the Planning Minister in February 1957 wanted tools and equipments to be purchased immediately for holding Labour and Social Service Camps; and as the Department of Community Development expressed their inability to purchase them before the close of the financial year, at his instance, grants totalling Rs. 4.8 lacs were sanctioned in favour of the Bharat Sevak Samaj.

(ii) The Bharat Sevak Samaj, instead of buying the tools etc. straightaway, deposited the money received as grant in fixed deposits or used it for other purposes and started preliminary arrangements for purchases only towards the end of December 1957.

(iii) Even by April 1958 the Samaj could purchase tools etc. of the value of only Rs. 61,000. On objections raised by the Central Finance Minister the Samaj refunded Rs. 2.65,000 and grants were subsequently released in the year 1959-60 when the Samaj was in a position to make more purchases.

(iv) Out of the grants released utilisation certificates were issued only for Rs. 3,37,875.08 and the accounts of a sum of Rs. 1,01,224.92 are yet to be settled and utilisation certificate is yet to be issued.

(v) The tools and equipments purchased were distributed among 198 Block Development Officers and functionaries of the Bharat Sevak Samaj for lending to the Bharat Sevak Samaj and other non-political organisations for Labour and Social Service Camps and other shramdan activities as and when required. Reports about the use made of these tools and equipments were required to be sent every six months and so also the annual stock verification certificates. Very few reports were sent and even the few reports received show that for a long period the user of the tools and equipments was not possible as the sets were not complete and even after the sets were



complete very little use of these tools and equipments was made.

(vi) No proper stock verification certificates were obtained showing the actual existence of the tools and equipments distributed to the various parties.

(vii) Even proper documents showing the receipt of the tools and equipments by the Block Development Officers and the Bharat Sevak Samaj functionaries were not obtained in all the cases before payments for the same were made.

(viii) The grants for the tools and equipments mentioned above were given to enable the Bharat Sevak Samaj to hold Labour and Social Service Camps. The Bharat Sevak Samaj also claimed and were paid organisational expenses for making purchases of the tools and equipments even though when they originally sent the proposals, there was no mention made of any organisational expenses. And no justification has been given for the grant of this extra bounty.

(ix) The funds given for the purchases of tools and equipments were diverted by the Bharat Sevak Samaj for its construction and other activities and for some time they had to borrow money from the Bharat Sadhu Samaj for making payments for the consignments of tools and equipments received and interest was also paid on such loans and it was debited to the accounts of the grant.

(x) Thus, even though the Planning Minister was very eager to see (which eagerness he showed in strong and angry words) that the grants were released to the Bharat Sevak Samaj for the purchase of tools and equipments at once. Because of this attitude of the Minister, the Department of Community Development was not allowed to make the purchases during the next financial year, which was to begin a month later. Even the Ministry of Finance was taken to task when they did not readily agree to release the grants.

(xi) The Bharat Sevak Samaj were not so prompt in using the grant for the purpose it was given and they put the amount in the fixed deposits or used it for their construction or other activities. In fact, even for placing orders for the tools and equipments the Samaj took more than nine months and the purchases were made at a leisurely pace.

TABLE 14-A

(Referred to in Para 14.24)

*Statement showing cost of the tools & equipments which, the acknowledgements of the consignees were neither shown to the Auditors nor produced before the Commission.*

Sl. No.	Particulars	Amount
		Rs. P.
1	Audit report dated 15-6-59— Annexure 'A' 40 bills out of 125	6,590.54
2	Audit report dated 15-6-59— Annexure 'B' 26 bills out of 78 .. .. .	2,608.70
3	Audit report dated 15-6-59— Annexure 'C' 6 Consignees out of 23 .. .. .	1,130.92
4	Audit report dated 8-8-59 for the period 1-4-59 to 31-7-59— Annexure 'B' 32 Consignees out of 53 .. .. .	21,266.24
5	Audit report dated 14-10-59 for the period 1-8-59 to 30-9-59 12 Cases (Schedule A) .. .. .	1,045.86
6	Audit report dated 14-10-59 for the period 1-8-59 to 30-9-59 14 cases out of 21 (Schedule B) .. .. .	1,330.00
7	Audit Report dated 26-4-60— Annexure 'A' 28 cases out of 47 .. .. .	15,588.18
8	Two cases out of 11 referred to in para 1(2) of the Auditors' Report dated 26-4-60 B.D.O. Bhanj Nagar Distt. Ganjam (Orissa), and B.D.O. Calcutta (West Bengal) .. .. .	190.00
9	Audit Report dated 17-7-61— Annexure 'A' .. .. .	1,632.64
		<hr/> 51,383.08 <hr/>

The details of these items are given in the following pages.

## Details of items referred to in Serial No. I of Table 14-A

Audit Report

Dt. 15-6-1959.

ANNEXURE 'A'

*Payments made on the strength of Bills without proper endorsement*

Name of Supplier	Bill No.	Amount	Total
		Rs.	Rs.
M/s American Spring & Pressing Works, Bombay	16867	187.87	
	16931	188.12	
	17177	186.68	
	17305	185.93	
	17307	184.68	
	17336	184.37	
	17381	185.43	
	17044	190.62	
	16841	185.37	
	16844	185.87	
	17311	186.12	
	16875	189.81	
	16831	188.93	
	17650	188.25	
	17410	184.37	
	16877	188.68	
	17089	185.81	
	17331	186.93	
	16979	188.68	
	17337	185.81	3,738.33
M/s Bengal Industries, Calcutta	824	91.25	
	854	95.00	
	896	95.87	
	902	104.81	
	982	96.31	
	1087	92.44	
	1084	96.00	
	823	87.62	
	817	83.00	
	983	92.69	
	1068	94.81	
	868	93.18	
	815	82.75	1,205.73
M/s Ram Chander Heera Lall & Co. Calcutta	155	686.92	
	254	719.82	1,406.74
M/s Star Light House, Delhi	43	40.44	
	44	40.62	81.06
M/s Presidency Tool Co. Ltd., Purulia	263	11.94	11.94
M/s Kay Cee Jayne & Co., Delhi	297	73.28	
	300	73.46	146.74
GRAND TOTAL		..	6,590.54

**E. Details of items referred to in Serial No. 2 of Table 14-A**

**ANNEXURE 'B'**

**Audit Report**

DI 15-6-1959

Payments made to Messers Kay Cee Jayne & Co., Delhi to the extent of 90% of the Invoice value of Bills

	Rs.
345	97-50
348	87-85
347	93-15
346	95-10
360	88-20
378	101-80
373	94-60
360	91-50
366	91-90
365	90-10
362	97-00
381	92-70
397	89-10
399	94-30
410	102-20
416	97-20
412	98-10
404	91-10
403	94-90
421	90-80
423	95-90
432	106-00
437	106-90
438	106-10
448	105-85
446	105-95
455	105-80
	2,608-70

00-0

**Details of items referred to in Serial No. 5 of Table 14-A**

**Audit Report**

DI 14-10-59

**ANNEXURE 'C'**

Bill No.	Amount
	Rs.
17068	187-87
17078	187-93
16879	189-06
16836	187-50
16957	189-31
16959	189-25
	1,130-92

**Details of items referred to in Serial No. 4 of Table 14-A**

**ANNEXURE 'B'**

**Audit Report**

DI 8-8-1959

Sl. No. Name of consignee and address

8	Block Development Officer,	Fatehabad
9	"	Lakahoti
10	"	Tindwari
12	"	Chittaura
13	"	Kheahraha
15	"	Bahruwa
16	"	Masoda
20	"	Sumerpur
21	"	Talbehah
22	"	Dobhi
23	"	Kakwan
24	"	Hallia
27	"	Jaisinghpur
28	"	Srinagar
29	"	Nagarpa-hari

Sl. No. Name of consignee and address

30	Block Development Officer, Mandalgarh
31	" Jaipur
32	" Kishangarh
34	" Chirawa
35	" Osian
36	" Pindwara
38	" Anjar
39	" Datia
40	" Raigarh
41	" Shivpuri
42	" Mhow
44	" Bhilsa
48	" Anantnag
49	" Srinagar

50	Shri Ibrahim Sahugar, Chief Organiser, Public Cooperation Centre, Bharat Sevak Samaj, Mahiyal, P.O. Talod, Sabarkanthi.
51	Shri R.J. Mahtre, C.O., Public Cooperation Centre, Bharat Sevak Samaj, Sodkoli, Colaba
53	Shri Chhagan Lal Arya, C.O. Public Co-operation Centre, Bharat Sevak Samaj, Wardan.

Details of items referred to in Serial No. 5 of Table 14-A

Audit Report  
Dt. 14-10-59

Accounting period  
1-8-59 to 30-9-59

SCHEDULE 'A'

Bill No.	Date	Amount
		Rs.
DES/978	27-1-58	83.00
DES/1105	21-2-58	93.94
DES/877	22-1-58	91.87
DES/1110	21-2-58	90.81
DES/1069	20-2-58	97.62
DES/913	10-1-58	87.87
DES/888	24-1-58	96.44
DES/1108	21-2-58	78.62
DES/1109	21-2-58	79.94
DES/992	30-1-58	80.56
DES/969	27-1-58	82.94
DES/967	27-1-58	82.25
		1,045.86

Details of items referred to in Serial No. 3 of Table 14-A

Audit Report  
Dt. 14-10-59

Accounting period  
1-8-59 to 30-9-59

SCHEDULE 'B'

Statement showing names of those parties who have not acknowledged the goods consigned by M/s. Shah Engineering Co., Bombay

Sl. No. Name of consignee and address

1	Block Development Officer, Hissar II (Punjab)
2	Do. Hissar "
5	Do. Nilokheri "
6	Do. Sadhaura "
7	Do. Phillaur "
10	Do. Gurdaspur "
11	Do. Bhatinda "
12	Do. Kapurthala "
13	Do. Mavelikara (Kerala)
16	Do. Ranchi (Bihar)
17	Mr. Nageshwar Misra, Distt. Convener, Bharat Sevak Samaj
18	Mr. Harbhajan Lal Shastri, Chief Organiser Public Cooperation Centre, Bharat Sevak Samaj, Netajinagar, Calcutta-40 (Bengal).
20	Mr. K.C. Pillai, Secretary, State Coordinating Committee for Camps, Bharat Sevak Samaj, Trivandrum (Kerala).
21	Convenor, Bharat Sevak Samaj, Delhi Pradesh Branch, Theatre Communication Building, Connaught Circus, New Delhi, (Delhi).

NOTE:—The Cost of one set of 5 metallic tapes supplied to each consignee was Rs. 95/-. Thus the total cost for the 14 consignments works put to Rs. 1,330.00,

## Details of items referred to in Serial No. 7 of Table 14-A

Audit Report dated 26-4-60

## ANNEXURE 'A'

List of Block Development Officers and Functionaries of the Bharat Sevak Samaj who were supplied Goods from Jamshedpur (Tatanagar) but have neither acknowledged the same nor supplied the necessary endorsement in terms of the Grant.

Name and address	District	Name of Railway Station
<i>Mysore</i>		
2 Block Development Officer, Ramanagaram .. ..	Bangalore	Ramanagaram
5 Block Development Officer, Siruguppa .. ..	Bellary	Bellary
8 Block Development Officer, Sindgi .. ..	Bijapur	Bijapur
9 Block Development Officer, Baindur .. ..	South Kanara	Mangalore
10 Block Development Officer, Gokak .. ..	Belgaum	Gokak Road
11 Block Development Officer, Bidar .. ..	Bidar	Mohammadabad (Bidar)
<i>Kerala</i>		
13 Secretary, State Coordinating Committee for Camps B.S.S., Trivandrum	Trivandrum	Trivandrum Central
<i>Uttar Pradesh</i>		
14 Block Development Officer, Karchanna	Allahabad	Karchanna N.R.
15 Block Development Officer, Deokali	Ghazipur	Nandganj Ner
16 Block Development Officer, Dobhi	Jaunpur	Dobhi, Net
17 Block Development Officer, Balli	Mirzapur	Mirzapur
<i>Andhra</i>		
22 Block Development Officer, Yerranguntla .. ..	Cuddpah	Cuddpah
24 Block Development Officer, Bhongir .. ..	Nalgonda	Bhongir
26 Block Development Officer, Nizamabad .. ..	Nizamabad	Nizamabad
<i>Orissa</i>		
27 Block Development Officer, Ramuna .. ..	Balasore	Balasore
<i>Madras</i>		
32 Block Development Officer, Papanesam .. ..	Tanjore	Papanesam
<i>West Bengal</i>		
34 Chief Organiser, Public Cooperation Centre, Bharat Sevak Samaj, Sadhanashram, Netajinagar	Calcutta-40	Sealdah (ER)

Name and Address	District	Name of Railway Station
<i>Bombay</i>		
35 Block Development Officer, Satara .. ..	North Satara	Satara Road
36 Do. Vijapur .. ..	Aurangabad	Rotagaon C.Rly.
37 Do. Arvi .. ..	Wardha	Arvi
38 Do. Gondhra .. ..	Panchmahala	Godhra
39 Do. Chanda .. ..	Chanda	Chanda
40 District Convener, Bharat Sevak Samaj, Digras, Tq-Darva	Yeotmal	Darwah Moti Bagh, C. Rly.
41 Pradesh Convener, Bharat Sevak Samaj, Nagpur	Nagpur	Nagpur
<i>Bihar</i>		
42 Block Development Officer, Cheria, Bariarpur, P.O. Iripur	Monghyr	Begu Sarai NER
43 Do. Muzaffarpur .. ..	Muzaffarpur	Muzaffarpur
46 District Convener, Bharat Sevak Samaj, Shrinidhar Press, P.O. Laherisarai, Darbhanga	Darbhangha	Darbhangha NER
<i>Madhya Pradesh</i>		
47 District Convener Bharat Sevak Samaj, Durg, Durg	Durg	Rajnandgaon, S.E.R.

NOTE:—The approximate cost of one set of implements was Rs. 577.34. So the total cost of the 27 consignments for which acknowledgements are wanting comes to Rs. 15,588.18.

### Details of items referred to in Serial No. 9 of Table 14-A

*Audit Report Dt. 17-7-61*

#### ANNEXURE 'A'

*Statement showing particulars of Bills under which supplies were made to various Block Development Officers but the Block Development Officers have not furnished the requisite endorsements in terms of the Grant in respect of goods consigned to them.*

Name of Supplier	Bills No.	Date	Amount
			Rs. P.
Messrs Ramchander Heeralall & Co. Ltd., Calcutta .. ..	30	22-12-58	679.99
Messrs Star Light House, Delhi .. ..	394	21-5-58	41.25
	356	15-5-58	41.25
	361	15-5-58	40.25
	97	8-5-58	39.87
	85	8-5-58	41.00
	76	8-5-58	41.00
	53	3-3-58	41.50
	49	3-3-58	38.50
	32	3-3-58	39.00
	318	15-5-58	42.56

Name of Supplier	Bill No.	Date	Rs. P.
Messrs Presidency Edge Tool Co. Ltd., Purulia ..	948	21-5-60	10.70
	949	21-5-60	10.70
	944	18-5-60	10.70
	938	18-5-60	10.70
	502	26-6-59	12.80
	943	18-5-60	10.70
	950	21-5-60	10.70
	958	6-6-60	10.70
	597	14-8-59	12.70
	548	11-7-59	7.67
	940	18-5-60	10.70
	575	27-7-59	12.70
	957	6-6-60	10.70
	527	11-7-59	13.00
	611	14-8-59	12.60
	933	18-5-60	10.70
Messrs Kay Cee Jayne & Co., Delhi .. .. .	574	2-9-59	184.00
	441	15-1-59	9.00
	442	15-1-59	9.00
	441	15-1-59	83.00
	442	15-1-59	83.00
			1,632.64

TABLE 14-B

(Referred to in para 14.25)

Audit Report dated 15-6-59—ANNEXURE 'A'

I.

I-60	M/s. American Spring Co. & Pressing Works, Bombay.	Bill No. A/17087	Rs. P. 185.93	The bill does not bear the stamped acknowledgement of the B. D. O. Ujjain
I-28		Bill No. 16850	189.06	The bill bears only the stamp of the B.D.O. Angamale. The goods have not been acknowledged by the B. D. O. He has not signed the bill.
I-29		Bill No. 16939	185.62	The B. D. O. Udhampur has not acknowledged the receipt of the goods.
II	M/s. Bengal Industries, Calcutta ..	Bill No. 975	99.25	The bill does not bear the stamped acknowledgement of the B.D.O. Udhampur.
		1157	98.25	Verification of the Consignee stated to have been endorsed on the covering memos No. 82/58 dated 22-3-58 is neither attached with the bill nor has been produced by the B.S.S.

		Rs. P.	
1-297	M/s. Star Light House, Delhi	2	38-44 The bill does not bear the acknowledgement of the goods by the Consignee viz. B.D.O. Gangoh (Distt. Saharanpur).
3-107		358	37-12 12 Harrican lanterns were supplied to the Director Construction B.S.S. Central Office, New Delhi. Apparently they must have been used for the construction works of the Samaj.
		89	41-50 Certificate about the receipt of the goods stated to have been given on the covering letter has not been produced by the Samaj.
III			
25-64		65	91-19 2 Dozen buckets were supplied to the Director Construction, BSS Central Office, New Delhi. Apparently these were used at the construction works undertaken by the Samaj.
		1079	85-06 The certificates of acknowledge-
		1086	92-56 ment of the goods stated to have been given in the covering letters have not been produced.
25-91	M/s. Ram Chander Heera Lal, Calcutta	219	695-92 The Certificates about the receipt of the goods by the B. D. O. Palair are stated to have been given in the covering memo which has not been produced.
5-105		323	670-05 Do.
	M/s. Kay Cee Jayne & Co., Delhi ..	291	81-84 As per the bill the goods were consigned to Mr. Rattan Lal Aggarwal, Pleader & Distt. Convenor Durg where as the Samaj has stated that the certificate of the receipt of the goods has been given by the B. D. O. Durg in the covering letter. The covering letter has not been produced.

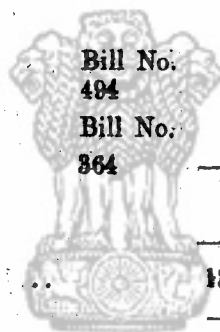
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2,591-79

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Bill No.	Rs. P.	
386	93-40	The bill does not bear stamped acknowledgement from the B. D. O. to whom the goods were stated to have been sent.
Bill No. 375	97-60	Do.
Bill No. 424	96-50	The certificate endorsed on the bill is from the storekeeper of the B. D. O. and not from the B. D. O. Even that does not bear any official seal.
Bill No. 430	93-50	The consignee was B. D. O., Gurgaon. But the certificate about the receipt of the goods has been given on the bill by a clerk of B. S. S. Office, Gurgaon.
Bill No. 494	125-20	The certificate has not been signed by the B. D. O.
Bill No. 364	107-30	Do.
	613-50	
Grand Total	18,205-29	



सत्यमेव जयते

## CHAPTER 15

### THE NATIONAL CONSUMER SERVICE— NON-OFFICIAL PRICE INTELLIGENCE SERVICE THROUGH VOLUNTARY ORGANISATION

#### Origin of the Scheme

The files produced by the Planning Commission show that on 10-12-1962 Mr. L. N. Misra, General Secretary of the Bharat Sevak Samaj sent the following note to Mr. H.K.D. Tandon, Director Public Cooperation, in the Planning Commission:—

"I met the Chairman yesterday morning and he was anxious that Bharat Sevak Samaj should give special emphasis on its programme of Lok Karya Kshetras with a view to achieving increase in food production and carry out economic surveys of the areas. He wanted that we might have special printed forms for this purpose with bench mark figures. Bharat Sevak Samaj might also request University Professors and teachers to help it in this survey. The Programme Evaluation Organisation of the Planning Commission can give us some preliminary guidance in the matter. We may request Shri H.K.D. Tandon for it".

"Chairman also desired that Lok Karya Kshetras may also maintain regular charts of prices of essential articles especially of foodgrains and clothes. For this also, a chart has to be provided to every Lok Karya Kshetra".

15.2 On 20th December, 1962 a meeting was held in the Planning Commission of senior officers of the Planning Commission, the Central Statistical Organisation, the Programme Evaluation Organisation and the Directorate of Economics and Statistics (Ministry of Food & Agriculture). The purpose of this meeting was—

- (a) to discuss the objectives and scope of price Intelligence work during the period of Emergency;
- (b) to exchange information on the nature of price data currently being collected by different agencies;

- (c) to arrive and coordinate the collection and processing of price intelligence data. Dr. K. S. Krishnaswami of the Planning Commission explained that there was a place in price intelligence work for collection of data independently by voluntary agencies provided their role and purpose were clearly formulated and their work conducted and processed under appropriate technical guidance.

The representatives of the various organisations explained the role of the different agencies in collecting retail price data.

#### National Sample Survey and Labour Bureau

(i) Retail price from 454 rural centres were collected by the National Sample Survey every week for preparing consumer price index for agricultural labour.

(ii) Retail prices from 45 Urban Centres were collected for purpose of preparing Middle Class Consumer Price Index.

(iii) Similar data collected from 50 centres for working Class Consumer Price Index.

#### Directorate of Economics (Ministry of Food & Agriculture)

(i) Retail price rate of foodgrains and some other items of food stuff collected weekly from 110 markets.

(ii) Data on Agricultural Wages Retail Prices of essential food items collected from 375 rural centres.

#### Ministry of Commerce & Industry

(i) Retail prices of manufactured goods collected regularly.

15.3 This meeting noted the fact that there was a multiplicity of agencies engaged in the field of retail price intelligence and agreed that there should be a coordinated programme with a view to avoiding duplication of efforts. The Central Statistical Organisation was to be made responsible for the processing and analysis for price intelligence purposes.

15.4 This meeting after hearing the role of the various agencies agreed that the voluntary organisations could play a useful role in:

- (i) supplying price quotations which could be used for the purpose of checking official data on outlet quotations;
- (ii) analysing the price situation and the causes of price fluctuations;
- (iii) building up consumer resistance against price rise. It was decided to hold further meeting with the representatives of the Bharat Sevak Samaj, Indian Cooperative Union, Young Men Christian Association, Young Women Christian Association and other interested bodies.

15.5 A meeting was accordingly held in the Planning Commission on 4th January, 1963 in which representatives of the Planning Commission, Central Statistical Organisation, Bharat Sevak Samaj, Young Men Christian Association and the Indian Cooperative Union were present. This meeting decided to work out a detailed scheme for organising Non-official Price Intelligence Service in Delhi with Mr. G. L. Malhotra as the Convenor. They also adopted a detailed schedule for collecting data about the prices of essential commodities and this was an adaptation of the Central Statistical Service schedule.

15.6 The first meeting of the non-official price Intelligence Sub-committee held on 22nd January, 1963 decided to set up 8 reporting centres in Delhi, 4 of which were to be allotted to the Bharat Sevak Samaj, 2 to Young Men Christian Association and 2 to Indian Cooperative Union. This meeting also decided to give suitable financial assistance to the voluntary organisations concerned to meet the expenditure incurred in the collection of such data. For the months of February and March, 1963 the Planning Commission sanctioned an amount of Rs. 2,400 to the Bharat Sevak Samaj and this was to be met out of the savings under the grants sanctioned for Urban Lok Karya Kshetras for 1962-63. Mr. G. L. Malhotra, who was the Convener of the Working Group was appointed as Director Incharge of the Project. The Bharat Sevak Samaj was asked to give reports for circulation in the Planning Commission.

15.7 The first report was submitted in the month of February, 1963 and contained among other things the following points—

- (i) The shop keepers generally quoted lower prices as compared to those which they actually charged from the consumers.
- (ii) Although metric measures had been introduced in Delhi with effect from April, 1962, they were not being used as a regular standard of measurement. Old measures were still prevalent and the different was being exploited to the disadvantage of the consumers.
- (iii) In the case of cloth, although the prices were printed on every piece, the selling rates were very much higher.

15.8 This report is dated 18-3-1963. In the meanwhile a meeting was held in the Planning Commission on 12-3-1963 to consider the measures to be taken to control prices in Delhi with the collaboration of non-official agencies. There was a general reference to the findings of the Non-official Price Intelligence Service in the Minutes of this meeting in the Planning Commission. On the basis of the deliberations in this meeting a recommendation was made that compulsory display of prices by the traders should be insisted upon and this recommendation was given effect to by the Delhi Administration by promulgating Delhi Display of Price Order, 1962.

15.9 The Planning Commission decided to continue the scheme beyond March, 1963 and also to extend its activities to cover a wider area. Accordingly, in 1963-64, the number of reporting centres was increased from 8 to 16 in Delhi and important cities like Bombay, Calcutta, Madras, Nagpur, Kanpur, Ahmedabad, Dhanbad and Asansol were included in addition to Delhi. On 17-2-1964 the Working Group in the Planning Commission reviewed the work done by the Non-official Price Intelligence Service and felt that the hardship of consumers included many other fields besides prices and decided that the activities should be extended to have a wider coverage. It was also decided to extend its activities to other states as well. The Non-official Price Intelligence Service was as such organised into National Consumer Service under the aegis of the Bharat Sevak Samaj with the main object of protecting the interest of the consumer.

15.10 The scheme was continued from year to year up to 1966-67. The Planning Commission sanctioned the following grants to the Bharat Sevak Samaj:—

Year	Letter No. & date	Amount sanctioned	Amount for which utilisation certificates were issued
		Rs. P.	Rs. P.
1963-64	24(3)/63-PUB dt. 25-6-63	7,500	
	14(5)/63-PUB dt. 3-11-63	12,500	
	Total	20,000	16,084.54
1964-65	14(5)/54-PUB dt. 19-8-64	6,084.54	
	14(5)/64-PUB dt. 12-12-64	18,300.00	25,331.05
		24,384.54	
1965-66	14(14)/65-PUB dt. 16-9-65	10,000.00	
	14(14)/65-PUB dt. 18-3-66	6,250.00	
	14(14)/66-PUB dt. 25-3-66	4,060.00	17,589.64
		20,310.00	
1966-67	14(5)/66-PUB dt. 1-11-66	7,500	

15.11 The amount of grant paid and its utilisation may be summarised as follows:—

	Rs. P.
Total amount of grant paid	72,194.54
Total amount for which utilisation certificates were issued	59,005.23
Balance for which utilisation certificates are yet to be issued	13,189.31

15.12 The detailed accounts for the balance amount are not available on the files but the matter is stated to be in correspondence between the Department of Industrial Development and Internal Trade and the Bharat Sevak Samaj.

#### Aims and objectives of the Scheme and the fulfilment of the same

15.13 One of the reasons given for starting a Non-official Price Intelligence Service, which was later converted into National Consumer Service, was that the official price data did not correctly show the amount of price actually

paid by the consumer; and that price collection by the non-official agencies could fill this gap. The collection of data was, therefore, one of the functions of the National Consumer Service for which grants were paid by the Planning Commission. Another function was to conduct case studies of various essential commodities and allied matters so that the consumers were saved from purchasing these commodities in the black market or otherwise at exorbitant rates. For collection of price data and to conduct case studies the Bharat Sevak Samaj employed Price Collectors and the expenditure incurred on Price Collectors as compared to the total expenditure on the Scheme as a whole was as follows:—

	Rs. P.
1. Expenditure on the Scheme as a whole for the years 1963-64 to 1966-67	71,971.45
2. Expenditure on Price Collectors and Case Studies for the years 1963-64 to 1966-67	11,550.00

15.14 As the Samaj has not produced relevant records showing collection of price data and other matters connected with the National Consumer Service, this Commission has to depend on the files produced by the Planning Commission on the subject. These files show that the price data was not collected by the Bharat Sevak Samaj for all the months of the years 1963-64 to 1966-67 for which grants were paid. The case studies appear to have been conducted by them only for the year 1963-64. In the year 1964-65 the Samaj stated that the case studies as reported for the year 1963-64 have been reproduced and for the year 1965-66 the Samaj in its report has stated that "due to precarious financial position these activities had to be abandoned". Thus, the position is that during 1963-64 price data was collected for 7 months; during 1964-65 for 10 months, during 1965-66 for 4 months and during 1966-67 for 3 months. The reason given for not collecting the data for the year 1965-66 is not clear as the Government had released necessary grants for that year and why the Samaj could not take up the case studies is not explained by the accounts. In fact, at the end of 1965-66, there was a bank balance of Rs. 5,786.31.

15.15 The files of the Planning Commission show that the price data collected by the Bharat Sevak Samaj was not sent by the Planning Commission either to the Central Statistical Organisation which was to coordinate processing and analysis of the price data. In fact, none of these reports appear to have been sent to them nor does the Planning Commission appear to have sent them to any other Ministry dealing with the prices of commodities. Thus, it would appear that one other agency was introduced into the field of collection of price data and the very object with which the new price intelligence service was created, namely, to check the price data collected by the official agency with non-official figures, appears to have been defeated. Further, this agency which was created to avoid duplication of efforts seems to have resulted in further duplication. The efficacy of this organisation in subserving the objectives of the scheme is difficult to find. If official reports which are checked at different levels had to be compared with the non-official reports, then the non-officials had to be persons qualified for the work of which Commission finds little evidence.

15.16 As regards the use made of the case studies the major achievement claimed is the

issuance of an ordinance that required displaying of prices of commodities by the shopkeepers in Delhi during the first year. But how far this claim is sustainable cannot be determined from the material before the Commission. As a matter of fact no attempt has been made to support this plea. The files do not show that any use was made of the case studies, even though the achievements like anti-adulteration activities have been claimed as the achievement of the National Consumer Service. But one thing to be mentioned here is that there were other agencies also working in the field like the Consumer Councils, the Consumers' Co-operatives, apart from Government's enforcement machinery. In the absence of coordinated effort between the various Government Ministries on the reports of the National Consumer Service which incidentally were never sent to those concerned Ministries, it is not clear as to the utility of the National Consumer Service in protecting the interest of the consumer. In fact, the achievements claimed in their reports are not considerable or tangible because of the inherent lacuna i.e. reports were never sent to the concerned Ministries or the Administrations who were to take action on those reports. Thus the reports whatever their value were quietly left in the ministerial pigeon holes.

15.17 It is, however, to be mentioned that in more meetings of the National Consumer Service the representatives of Delhi Administration and the Central Statistical Organisation were called but there is nothing to indicate that the Planning Commission had sent these papers officially and asked the organisations concerned to take action on the reports.

#### **Personnel employed for Price Collection**

15.18 From the records produced by the Bharat Sevak Samaj it appears that the following persons were employed under the Scheme:

1. Mr. T. R. Rekhi
2. Mr. J. N. Sawhney
3. Mr. Rajinder Kumar
4. Mr. B. N. Rajbanshi
5. Miss Gurcharan Kaur
6. Mr. Jawanda Ram
7. Mr. J. N. Malik
8. Mr. M. L. Sethi
9. Miss Sudishta Bhatia
10. Mr. Mahesh Chandra
11. Mr. Krishna Kumar Huria

12. Mr. J. N. Gupta
13. Mrs. Krishna Malik
14. Mr. T. W. Rasalam
15. Mr. S. Husaini
16. Mr. K. Prasad
17. M. J. S. Gupta
18. Mr. Kuldip Singh
19. Mr. K. L. Kajwadkar
20. Mr. Narinder Kumar
21. Mr. C. L. Sharma
22. Mr. Sher Singh
23. Mr. S. Sunderarajan
24. Mr. Chuni Lal Wig
25. Mr. J. P. Jain
26. Mr. Madan Lal Sahni
27. Mr. V. P. Sood
28. Mr. Pritam Singh
29. Miss Veena Vig
30. Mr. Sham Lal Bansal
31. Mr. B. R. Kanda
32. Mr. Dhara Singh
33. Mr. Kishan Chand Bhatia
34. Mr. P. V. Varma
35. Mr. R. S. Mittar
36. Mr. Om Prakash Arora
37. Mr. Gurmukh Singh
38. Mr. S. S. Jaswal
39. Mr. Himmat Singh
40. Mr. Dharam Pal
41. Mr. S. P. Gupta

15.19 Out of these, at least in respect of three this Commission has been able to find out from the Planning Commission that they were employees of the Planning Commission itself. They were:—

- |                     |           |
|---------------------|-----------|
| 1. Mr. S. P. Gupta  | Assistant |
| 2. Mr. K. Prasad    | Peon      |
| 3. Mr. Kuldip Singh | Peon      |

15.20 In respect of the others no verification has been possible as the Samaj has been rather non-cooperative in the sense that when they were asked as to whether the persons employed by them were Government servants, it gave a curt reply that "none of these workers

was a Government servant". This is contradicted by the fact that at least 3 were Government servants, and the employees of the Planning Commission at that. The Commission has not been able to verify in respect of others as to whether they were Government employees or what their status and qualifications were.

15.21 It appears, therefore, that the result of establishing this organisation was only to build up another agency to collect price data and the qualifications of these persons is difficult to find from the record. In these circumstances it is difficult to say that this organisation was as effective as the official price collectors or better than them.

15.22 Another fact that is to be mentioned here is that even though a provision of Rs. 2,000 was made during the year 1965-66 for training of Price Collectors, no training was imparted.

#### Furniture and Equipment Purchases Out of Government Grants

15.23 The total expenditure on the purchase of furniture and equipment during different years was Rs. 3,452.36, the details of which are as follows:—

				Rs.
1963-64	..	..	..	1,103.00
1964-65	..	..	..	2,349.36
Total				3,452.36

15.24 The articles purchased were as follows:—

			Rs.
1. Typewriter (1)	..	..	1,000.00
2. Another typewriter	..	..	1,112.80
3. Bicycle (1)	..	..	188.86
4. Steel Almirah (2)	..	..	
5. Big Steel Table (1)	..	..	

15.25 Even though the Scheme was discontinued in 1966-67 the articles were lying with the Bharat Sevak Samaj and they appear to be in their use. The Ministry, however, does not appear to have taken any action as regards the utilisation or custody of these items of furniture etc. after the Scheme was stopped in 1966-67.

# **Rent Charged in the Accounts of the National Consumer Service for Accommodation**

15.26 In the Accounts of the National Consumer Service rent has been charged for accommodation as follows:—

	Rs. P.
(i) Share of service charges for room No. 9A (Annexe) in Theatre Communication Building for January, 1964 to August, 1964	120-25
(ii) Rent of 9 Janpath Lane at Rs. 90 per month from 1-8-64 to 31-8-65	720-00
(iii) Rent of 9 Janpath Lane from 1-4-1965 to 30-9-1965	540-00
(iv) Service charges (electricity & water of 9 Janpath Lane)—for the period 1-8-1964 to 31-3-1965	140-00
(v) Service charges of 9, Janpath Lane for the period 1-4-1965 to 30-9-1965	187-40
(vi) Rent and service charges of 20L Block from 20-9-1965 to 31-3-1966	1,225-89
(vii) Proportionate rent, Theatre Communication Building, from Room No. 9-D, from April, 1965 to January, 1967	1,355-82

15.27 In July, 1965 the Assistant Director of Estates under the Ministry of Works, Housing & Supply inspected House No. 9 Queensway Lane (Janpath Lane) and he found that a portion of this house was used for the office of the National Consumer Service of the Bharat Sevak Samaj. The remaining portion was used as a residential accommodation by four officers of the Bharat Sevak Samaj whose names are given below:—

1. Mr. N. D. Sharma.
2. Mr. M. M. Wakhre.
3. Mr. Shiv Shankar Singh.
4. Mr. M. L. Singhal.

15.28 The accounts, however, show that the rent for the whole building was debited to the National Consumer Service even though a portion of the same was being occupied by four officers of the Bharat Sevak Samaj who had nothing to do with the National Consumer Service. The Bharat Sevak Samaj when asked about this have stated that No. 9

Janpath Lane was fully occupied by the National Consumer Service for the entire period of 1-8-1964 to 30-9-1965. They have stated that all the four persons were in occupation of Number 9 Janpath Lane at different times but that was after September, 1965 and that no part of the grant for the National Consumer Service was utilised for payment of rent for the portion occupied by the four officers.

15.29 The inspection by the Assistant Director of Estates was on 19-7-1965 and he found four officers were occupying a portion of the flat. The Samaj cannot obviously now claim that the flats were occupied only from September, 1965. Therefore, it appears that a portion of the building was occupied by the Bharat Sevak Samaj officers but the rent for the whole was debited to the National Consumer Service. It may be remarked that the whole thing is shrouded in uncertainty and no proper finding can be given on this evidence.

15.30 Further on the voucher files produced by the Bharat Sevak Samaj is a note recorded by the Director of the National Consumer Service on the 11th May, 1965 in which he pointed out that a portion of the building was being occupied by other persons and he asked the office Secretary of the Central Bharat Sevak Samaj to have their portion of the service charges and water charges recovered from them.

15.31 Thus the replies given by the Samaj to the questions put to them by this Commission are not in accord with what was noticed by the Assistant Director or is shown by the voucher file.

15.32 The accounts of the National Consumer Service do not show that any recoveries were effected from the persons occupying one portion of No. 9, Janpath Lane.

15.33 The note recorded by the Assistant Director of Estates on 19-7-1965 after inspecting House No. 26 Baisakha Singh Building was "House No. 26 Baisakha Singh Building is in occupation of Mr. G. R. Chaurasia who was with the Bharat Sevak Samaj till June, 1964 and has been unauthorisedly in occupation of the flat. The Bharat Sevak Samaj has not approached for eviction of the occupant so far. The rent for the building had been debited to the National Consumer Service from 20-9-1965 to 31-3-1966. From the records produced there is no indication of the date when Mr. G. R. Chaurasia was evicted

from the building and when the Bharat Sevak Samaj was asked about this the reply given by them was that this matter was "under trace". The reply of the Samaj is most evasive and, therefore, it would appear that the rent of the building which was being occupied by an unauthorised person was being debited to the National Consumer Service.

15.34 In the accounts of the Jan Jagaran Group the rent and electricity charges of No. 9 Janpath Lane were paid for the month of August, 1964 on the following dates:—

		Rs. P.
20-8-1964	Rent for 8-64	90-00
9-9-1964	Electric charges for 4/64 to 8/64	293-33

But strangely enough the Samaj has shown expenditure on account of rent for the month of August, 1964 in the accounts of the National Consumer Service also i.e. on 27-3-1965 an amount of Rs. 720/- was paid to the Director of Estates on account of rent for No. 9 Janpath Lane from August, 1964 to March, 1965. Thus it would appear that for the month of August 1964 the rent of No. 9 Janpath Lane was debited both in the Jan Jagaran account and in the accounts of the National Consumer Service.

15.35 The Bharat Sevak Samaj were asked about this and they stated that the payment made on 21-8-1964 could not have been for the month of August, 1964 and they considered this payment to be relating to the month of July, 1964 and not to August, 1964. The ledger of the Jan Jagaran group however, clearly shows the entry as payment relating to 8/64 only. Further on 19-8-1964 rent paid was of Rs. 270/- for 3 months viz. May, 1964 to July, 1964. The vouchers concerned have not been produced before this Commission but on the basis of entries in the ledgers it appears that the rent for August, 1964 for No. 9 Janpath Lane was claimed both under the Jan Jagaran Group and the National Consumer Service.

15.36 The Commission thus finds that the National Consumer Service was started as a Non-official Price Intelligence Service for collection of data relating to prices independently by voluntary agencies. Grants totalling Rs. 72,194.54 were paid to the Bharat Sevak Samaj for the National Consumer Service from 1963-64 to 1966-67 out of which utilisation certificates were issued for Rs. 59,005.23

and for the balance the utilisations certificates are yet to be issued. The accounts of this balance are not in the files produced by the Ministry of Foreign Trade which is in charge of the scheme, but the Accounts are said to be in correspondence between the Ministry and the Bharat Sevak Samaj.

Even though grants were given mainly for the collection of price data out of the total expenditure of Rs. 71,971.45 from 1963-64 to 1966-67 the Samaj spent only Rs. 11,550.00 on price collectors and case studies. The price data was not even collected for all the months and the case studies were conducted only during one year i.e. 1963-64. During 1963-64 price data was collected for 7 months, during 1964-65 for 10 months, during 1965-66 for 4 months and during 1966-67 for 3 months.

The data collected by the National Consumer Service were never sent to the Ministries of the Government of India who were to take necessary action nor do the records show that any use was made of this price data for any purpose.

Even though grants were given to the Bharat Sevak Samaj for the National Consumer Service in order to have a non-government agency for collection of data, the details available of the few persons employed by the Samaj show that some of the persons employed were Government servants and in the other cases the Samaj has refused to give particulars of the persons employed, their status or qualifications & credentials.

Even though the scheme was stopped in 1966-67, furniture and other equipments like Type-writers, bicycle etc. purchased for the scheme are still left with the Bharat Sevak Samaj and no steps have been taken to take over the assets and put them to proper use.

Expenditure on account of rent, electricity and service charges of the buildings in which the National Consumer Service was located were debited to the scheme of National Consumer Service even though they were used partly for providing accommodation to some of the officers of the Bharat Sevak Samaj for some time. For one month the rent of No. 9, Janpath lane was debited both to the National Consumer Service and to the Jan Jagaran Scheme.



## CHAPTER 16

### ALLOTMENT OF GOVERNMENT LANDS, BUILDINGS ETC.

#### **Allotment of Land Sites and Buildings to the Delhi Pradesh Bharat Sevak Samaj by the Land and Development Officer, Government of India, New Delhi**

In an affidavit dated February 2, 1970 filed before this Commission the Land & Development Officer, New Delhi, has stated that he had allotted 6 land sites and one building to the Delhi Pradesh Bharat Sevak Samaj from time to time. Besides this, the Samaj was in unauthorised occupation of a piece of Government land at Nauroji Nagar for running a school. The details of the land sites and of the building and the purpose for which they were allotted were as follows:—

Details of Lands & Building	Purpose
(1) Land measuring 0.55 acre (Plot No. 9, Rouse Avenue, New Delhi).	This plot was allotted to the Bharat Sevak Samaj for construction of their office building.
(2) Plot Nos. 10 & 10-A, Rouse Avenue, New Delhi, measuring about 1 acre.	These were allotted to the Bharat Sevak Samaj for construction of the Occupational Therapy Institute.
(3) Area measuring 151.10 acres in Bir Beta area.	For award of work for removal of sand for the season ending 30-6-1963 from River Yamuna.
(4) Site measuring 123 sq. yards on Magazine Road.	This was allotted for the construction of the office building of the Pathar Toda Society sponsored by the Bharat Sevak Samaj.
(5) Vacant site measuring 3.55 acres on Magazine Road.	This site was allotted for construction of temporary hutments for labour employed for stone crushing.

Details of Lands & Building	Purpose
(6) Vacant Government land measuring 1066 sq. yards at Kutab Road (Kadam Sharif), Delhi.	For running a School and a Dispensary.
(7) Khyber Pass Market Building (Measuring 119 × 31').	This was allotted for running a production centre for women and an Ayurvedic dispensary.
(8) Un-authorised School on Government land at Nauroji Nagar.	

16.2 The full particulars of the rent payable by the Bharat Sevak Samaj and the period for which the land or the building was in occupation and the amounts of arrears of rent or premium payable by the Delhi Pradesh Bharat Sevak Samaj as worked out by the Land Development Officer are given in Table 16-A at the end of this part of the report. The extent of arrears up to January 31, 1970, works out to Rs. 6,14,287.15 and after that date also further amounts have fallen due.

16.3 The circumstances under which these lands and buildings were allotted to the Bharat Sevak Samaj or happened to be in their possession are discussed in the following pages.

#### **Allotment in user of Government lands by the Bharat Sevak Samaj**

16.4 Three plots of land on Rouse Avenue Nos. 9, 10 and 10-A, No. 9 measuring 0.55 acre, and the other two measuring about 1 acre, were allotted for the purposes of an office building and for Occupational Therapy Institute, to Bharat Sevak Samaj Delhi Pradesh, hereinafter termed the "Delhi Samaj" in this part of the Report.

16.5 The history of this allotment was this: At the request of the Central Bharat Sevak Samaj through its General Secretary Mr. Krishna Prasada, the Estate Officer of the Central Government allotted accommodation to the Pradesh Convener, Bharat Sevak Samaj, Delhi Pradesh on the 4th July, 1955 for the Therapy Centre. The accommodation consisted of barracks on Queensway, Block 'A'. In the allotment order it was specified that the service charges in respect of the accommodation would be charged from the Bharat Sevak Samaj and the Samaj itself had written that the Delhi Branch of the Samaj would find the necessary funds for the establishment and maintenance of the centre. Further accommodation was then given in the same Block and placed at the disposal of the Samaj for the centre on the 16th July, 1955 and the 2nd September, 1955. The Therapy Institute was started in those Barracks.

16.6 In the year 1956 the Delhi Samaj made a request to the Ministry of Works and Housing to allot land to the Samaj on Rouse Avenue for the construction of its office building and thus plot No. 9 was allotted to the Samaj for construction of that building on the usual terms, but there was a condition that the temporary Barracks standing on the plot were to be demolished by the Central Public Works Department before physical possession of the land was given to the Samaj. The premium was at the rate of Rs. 36,000 per acre and there was an annual ground rent of 5% thereon. The building was to be constructed within 2 years from the date of allotment. The Samaj deposited Rs. 19,800 as premium and Rs. 990 for ground rent. It was thus that plot No. 9 was taken possession of by the Samaj although it appears that the barracks were never demolished.

16.7 In 1958 the Delhi Samaj again approached the Government of India for allotment of land on Rouse Avenue for the construction of building for their Occupational Therapy Institute. Although 2.5 acres was recommended only 1 acre consisting of plot 10 and 10-A were allotted on 12th November, 1958. The premium to be paid was Rs. 5,000 per acre plus 5% ground rent and the building was to be completed within 2 years from the date of allotment. This premium was subsequently enhanced to Rs. 36,000 per acre and the Samaj was asked to deposit that amount but it did not do so; on the other hand on the 21st September 1959 the Pradesh Convener of the

Delhi Samaj informed the allotment officer that he had taken up the question of quantum of premium with the Minister and that he was not paying the amount demanded as the Therapy Institute was considered to be an educational institution. The premium was again reduced on the 15th June, 1960 to Rs. 5,000 but actually this money was not paid.

16.8 The Pradesh Convener again on the 16th December, 1960 informed the allotment authorities that he had applied for reduction of premium charged and asked that the plot No. 9 meant for the office of the Bharat Sevak Samaj might also be allowed to be used by the Occupational Therapy Institute which was permitted in May 1961 and the premium of the whole area of land was reduced to Rs. 5,000 per acre and a revised allotment order was issued on the 3rd August, 1961. As the Samaj had already deposited larger sums as premium than what became due nothing more was deposited by the Samaj. It is not clear whether the money deposited in excess was refunded.

16.9 Once again the allotment order was modified on the 15th June, 1963 to the effect that the three plots measuring 1.55 acres were allowed to be used for the construction of the Occupational Therapy Institute and their office building. The office building was to be constructed on plot No. 9 and the premium was again raised to Rs. 36,000 per acre for that plot.

16.10 On the 15th December, 1960 the Land Development Officer wrote to the Pradesh Convener of the Delhi Samaj that an inspection of the site had shown that a school was being run on the plot which was meant for the construction of office building, and that the multi-storeyed building which was to be constructed had not been constructed within two years.

16.11 On the 12th May, 1964 the Land & Development Office informed the Director of Estates that the Samaj was in occupation of barracks of plot No. 9, 10 and 10-A and these barracks were being used for running a college, a technical training institute and Occupational Therapy Institute and they wanted to know whether the barracks had also been allotted to the Samaj and any rent was being recovered from it as the record was silent on the point.

16.12 It may here be pointed out that the leases of both the sets of plots dated 20th January, 1965 were in the name of the Bharat Sevak Samaj Delhi Pradesh which unless it is treated as a branch of the Central Samaj would be a body without any existence in the eyes of law and it could not be termed a *persona*, the registered body being the Central Samaj. It may also be here observed that the premium for plot No. 9 was Rs. 19,800 and it was meant for an office of the Samaj which is made clear by the lease dated January 20, 1965 of plots No. 10 and 10-A where the northern boundary is shown as Bharat Sevak Samaj office building.

16.13 On the 18th June, 1965 the Land Development Office wrote to the Samaj and asked its explanation as to why it had not constructed the office building inspite of lapse of 7 years from the date of allotment. In reply the Samaj stated that the building plans had been approved by the Delhi Municipal Corporation and there being some difficulty of getting building material it asked for extension upto 31st December, 1966 but as no progress was made upto 6th February, 1967 the Samaj was again asked about the construction of the building, and the excuse given by the Samaj for the non-compliance was unavoidable circumstances and they wanted an extension upto the end of December, 1967 which request was allowed. On the 23rd January, 1968 the Samaj again wrote that it could not start the construction for unavoidable reasons.

16.14 In July, 1968 the Land Development Officer issued a notice to the Samaj asking why the building had not been completed within the stipulated time and why the Government should not re-enter. The Samaj in reply gave the excuse of delay in the sanctioning of the plans although on previous occasion they had said that the plans had been approved and they assured the Government that the construction would be completed by the end of March, 1970.

16.15 On the 11th September, 1968 the Housing Minister ordered that the land be resumed after the 31st December, 1968 and if necessary alternative accommodation be given to the Samaj. The re-entry order was issued and land was resumed on the 18th March, 1969 and the evidence of Mr. Prakash Narain, Land & Development Officer shows that the plot was allotted to the Society for Rehabilitation of the Crippled and Handicapped on the 3rd December, 1971 on the

usual conditions; in other wards it was given over to the Occupational Therapy Institute which was then being run by a new society formed under the name of the "Council for the Aid of the Crippled and Handicapped" which would be termed in this part of the report as the "new society". Thus the Samaj lost possession of plot No. 9 for which it had already paid a premium. No evidence has been led before this Commission whether any alternative plot has been given to the Samaj for its office building or not. The fact remains that because of procrastination and long delays the allotment made in favour of the Samaj for its office building was cancelled and that plot of land was allotted to the Occupational Therapy Institute then run by the new society.

16.16 As far as the record produced before this Commission is concerned the allotment made in favour of the Samaj plots 10 and 10-A for the purposes of Occupational Therapy Institute stands in the name of the Bharat Sevak Samaj. This Institute had before 1965 been given a new name 'Jawaharlal Nehru Institute for Physical Medicine and Rehabilitation' which may for the purposes of convenience be hereinafter termed "Jawaharlal Nehru Institute".

16.17 On the 7th June, 1966 plots 10 and 10-A were inspected by the staff of the Ministry and it was found that the Jawaharlal Nehru Institute was lodged in the temporary buildings which had really to be demolished for the purposes of putting up a *pucca* building and the inspection on the 3rd January, 1969 showed the temporary buildings were still standing and were being used as before. There is a note dated 29th September, 1969 showing that ordinarily notices for non-completion and the user of the temporary structure without sanction would have been issued and charges levied therefor. The record also shows that the Jawaharlal Nehru Institute had requested the Ministry for the allotment of plot No. 9. The evidence of Mr. Prakash Narain, Land & Development Officer shows that the allotment was made in favour of the new society, but there is no further information whether the Ministry had taken any further action in regard to the non-compliance of the conditions of allotment i.e. the non-construction of a building for the Institute.

#### **Renting out of the barracks on the Rouse Avenue plots for use of Janki Devi College**

16.18 The account books of the Delhi Samaj show that the barracks of plots No. 10

and 10-A were let out to Janki Devi College from August 1959 to September, 1962 and Rs. 500 per mensem was collected as rent from the College which was subsequently increased to Rs. 600 per mensem. The total amount collected was Rs. 21,800 and this income was finally adjusted in the income and expenditure account of the Delhi Pradesh Samaj for the year 1963-64 and the Samaj had a surplus of Rs. 1,09,969.17 including the amount of the rent and was deposited in the capital fund of the Delhi Pradesh Samaj which at the end of March, 1964 was Rs. 1,99,218.02. Thus it shows that the Government plots specifically allotted for the purposes of running a Therapy Institute became a source of income of Rs. 21,800 to the Samaj and during that period it paid no rent for the barracks to the Government.

16.19 It may also be added that the account which was produced before this Commission by Mr. Nirankar Swarup, Coordinating Director of the Institute shows that the sum of Rs. 17,500 was shown as debited to Samaj as rent for 35 months at Rs. 500 per mensem. It may be that the College in the area was very much needed and might have been a very desirable and useful institution but in terms of the allotment this was not a proper user of the land.

**User of barracks as a godown for the storage of materials of the construction activity of the Bharat Sevak Samaj**

16.20 The account books of the Samaj show that some of the barracks on plot Nos. 10 and 10-A were used as a godown for the construction activities of the Samaj from the beginning of October, 1958 to the end of March, 1961 and the Delhi Pradesh Samaj proposed to recover a rent of Rs. 1,500 being the total amount of rent, for the same with an addition of Rs. 30/- as water charges. But it appears that this amount was never recovered because although the debit entry was made, it was subsequently reversed in the books of account. Whatever else may be said, this much is clear that this was a clear violation of the terms of allotment of the plots.

**Contract for the extraction of sand in the Bir Bela area**

16.21 The right of extraction of sand from the Bir Bela area was transferred to the Delhi Municipal Corporation on September 1, 1960. The Corporation in its turn used to auction the rights of extraction and the proceeds

therefrom after deducting 12.50 per cent as administrative charges were paid to the Government of India.

16.22 On August 21, 1961, Mr. H. K. D. Tandon, Director, Public Cooperation, in the Planning Commission wrote to the Commissioner of the Corporation to consider the question of giving contract for winning the sand to the Samaj, pointing out at the same time that the Planning Commission had given loans to the Samaj and had deputed a senior engineer, Mr. A. N. Malhotra, to assist it in construction service. He also said that the Deputy Chairman of the Planning Commission (Mr. G. L. Nanda) who was also the Chairman of the Bharat Sevak Samaj, wanted a meeting to be convened for the purpose to which Mr. Brij Krishan Chandiwala and Mr. M. D. Mittal—both of the Samaj—and Mr. A. N. Malhotra should be invited. In reply the Commissioner said that the matter had to be discussed by the Works & Housing Ministry. Thereafter Mr. H. K. D. Tandon wrote to the Ministry of Works & Housing on October 25, 1961 suggesting to convene a meeting to consider the question of allotting the winning of sand to the Samaj. This meeting was held on November 4, 1961 and it was decided to divide the area into two parts: one to be given by open auction to other contractors and the other be given to the Samaj and the amount payable by the Samaj was to be calculated on the basis of the money which was offered by others. Therefore, 80.34 acres were allotted to the Samaj for a sum of Rs. 1,49,871/- and 70.76 acres to others and the amount of money which was offered by them was Rs. 1,32,000/-. The amount to be paid by the Samaj was worked out on the basis of this bid by outsiders.

16.23 In the next year however the Planning Commission suggested that the entire area should be given to the Samaj at prevailing rates, i.e. at the same rates as the Samaj got in the previous year.

16.24 On December, 6, 1962, the land was resumed by the Ministry of Works & Housing and the contract for the extraction of sand from the whole area of 151.10 acres in the Bir Bela area was given to the Samaj for one year ending June, 1963 at the rates of the previous year, i.e. a sum of Rs. 2,81,871.00 payable in five monthly instalments and the selling price of sand was fixed @ Rs. 7/- per hundred cubic feet.

The Samaj however paid only three monthly instalments but not on the due dates. The lease money was paid as follows:—

Rs. P.

1st Instalment	56,374.20	Vide receipt No. 1825 dated 2-1-1963.
2nd Instalment	56,374.20	Vide receipt No. 2186 dated 20-2-1963.
3rd Instalment	56,374.20	Vide receipt No. 226 dated 3-5-1963.

16.25 The balance of the lease money was not paid by the Samaj and on March 14, 1963 the Samaj made a request for reduction of the lease money from Rs. 1,865.46 to Rs. 600/- per acre on the ground that when they took the rights of winning sand, no permits were given to others for removal of sand from any other area but during the year the Delhi Administration had allowed the winning of sand at Wazirabad and Jagatpur Village on which no lease money was charged and therefore the sand was being sold @ Rs. 6/- per truck.

16.26 A meeting was held on October 30, 1964 to consider the request of the Samaj for reduction and the representative of the Administration there stated that some permits were issued by the Delhi Administration but they were subsequently cancelled and that in the previous years also these permits were being given. The Ministry of Finance took the view that as there was no stipulation that no permits would be issued to anybody for the winning of sand elsewhere, the Samaj was not entitled to any reduction. The Samaj thereafter agreed to deposit Rs. 75,000/- immediately and it was also decided that an enquiry would be made as to whether permits were given in 1960, 1961 and 1962 to win sand from other areas and what the quantity of sand was. This sum of Rs. 75,000/- was paid by the Samaj on November 5, 1964.

16.27 On November 23, 1965 another meeting was held to consider the issues arising out of the earlier meeting and it was finally decided that the Samaj was not entitled to any relief but the Samaj has not paid the balance i.e. a sum of Rs. 37,748.40 and the Government gave notice to the Samaj on February 8, 1968 to pay the money within 15 days and interest was payable @ 6 percent from the date of issue of the letter but the

Samaj has neither paid the principal nor the interest and it is stated that the Ministry is taking action for the recovery of that amount under the relevant law. But what exactly was the action taken, is not shown on the record.

16.28 The point to be noticed about this contract for extraction of sand is that it was given to the Samaj after negotiation on the recommendation, if not direction of the Planning Commission, the object being to keep down sand prices and the Planning Commission has claimed that as a consequence thereof, the price of sand was brought down by 33 per centum. This is shown by a note submitted to the Public Accounts Committee by the Planning Commission but discussions in the Ministry of Works & Housing held on October 30, 1964 show that the Samaj was forced to sell at cheaper rates and incur losses which was the result of more competition from private contractors from other areas so that they had also to sell at rates cheaper than what was being charged by the Samaj, forcing the Samaj to sell at rates lesser than the selling price of Rs. 7/- per hundred cubic feet. This shows that if there was any reduction in price, it was more due to the competition than any special merit in giving the contract to the Samaj.

**Indirect subsidy to the Bharat Sevak Samaj in leasing out Nazul Land at concessional rates**

16.29 In June, 1962, three acres of nazul land in Bir Bela Estate were allotted to the Bharat Sevak Samaj for the stacking of sand and the licence fee for the same was Rs. 360 per annum, viz. 25 paise per hundred square yards per mensem, as against Rs. 30/- per hundred square yards per mensem charged from private contractors in 1960 for two acres at the same place. The licence for the first year was from January 1, 1962 to December 31, 1962 and for later years it was also on the same rate. If one were to work out the advantage that the Samaj had by this allotment, it comes to Rs. 1 lac of indirect subsidy over the whole period.

**Allotment of land on Magazine Road to the Samaj for providing temporary accommodation to Labour**

16.30 On August 2, 1962 a meeting was held with the Chief Commissioner to consider certain problems arising out of quarrying

of stones and installation of stone crushers. This meeting was attended by the following:—

1. Mr. Brij Krishan Chandiwalla, Pradesh Convenor, Bharat Sevak Samaj.
2. Mr. R. R. Bahl, Commissioner, Municipal Corporation of Delhi.
3. Mr. Balbir Singh Saigal, Engineer-Member, D.D.A.
4. Mr. K. L. Rathee, Housing Commissioner, Delhi Administration.
5. Mr. M. W. K. Yusafzai, A.D.M. Delhi.
6. Mr. H. S. Mumtaz, D.C.O., Delhi.

16.31 It was pointed out at the meeting by Mr. Brij Krishan Chandiwalla that the living conditions of stone breakers in Chandraval area were chaotic and that some land should be allotted to them near the quarrying site to enable them to construct temporary accommodation for themselves with a layout plan with the approval of the Municipal Corporation who was also requested to provide the necessary conveniences and municipal services. On the Chief Commissioner's taking a favourable view, an inspection of the site was made on September 14, 1962 and as a result thereof it was agreed that an area between and around Chandraval Water Works and the Nari Niketan should be made available for temporary huts to accommodate 800 families. The exact area of the plot was to be decided later and certain other precautions were to be taken. Approval of the Municipal Corporation had to be sought and then the Corporation was to provide the necessary municipal services. Some land was to be given to the Samaj also to set up its office and waiting room for visitors and the Samaj was to submit their detailed requirement later. The Samaj requested that the land should be given on a nominal rental of Re. 1 per annum. This was left to the Land & Development Officer to consider but he pointed out that such requests previously had not been accepted.

16.32 The Delhi Samaj had formed a co-operative society under the name of the Bharat Sevak Samaj *Pathar Toda* Cooperative Industrial Society Ltd. Its stone-crushers were in the vicinity of the land which was being sought by the Samaj to provide hutments for the labourers. On September 6, 1962 the Land Development Officer wrote to the Housing Commissioner, Delhi stating that the Ministry was not agreeable to accepting a nominal rental of Re. 1 per annum and that the hutments

were being constructed in a haphazard manner to which misuser the Government would not agree and as the Cooperative Society was a commercial enterprise, it would have to pay rent according to rules but the question had to be finally decided after the plan of the area to be leased out had been worked out. He also said that the Samaj should be told not to construct hutments all over the place as was being done otherwise they would be removed forcibly.

16.33 On March 18, 1963, a piece of land measuring 3.55 acres near Chandraval on Magazine Road was allotted to the Delhi Samaj for construction of Labour huts temporarily in one area and the following conditions were to be complied with in advance:—

- (i) Ground rent @ Rs. 2,921 per month for the period of one year amounting to Rs. 35,052.
- (ii) Security of Rs. 35,052.
- (iii) Only light removable structure temporary in nature would be allowed to be put up on the land.
- (iv) The temporary allotment would not entitle the Samaj to the allotment of site on permanent basis.

16.34 The Samaj was asked to convey its acceptance and deposit the required amount within a period of 15 days failing which it would be presumed that it was not interested in the allotment and the terms and conditions offered would be taken as withdrawn. The Samaj did neither though the Government reminded it on February 5, 1964 and March 20, 1964.

16.35 On March 24, 1964, Mr. Brij Krishan Chandiwalla wrote to the Land & Development Officer that he understood that the land would be allotted on a nominal rental of Re. 1 per annum and they had therefore referred the matter to the Housing Commissioner and were awaiting his decision. In June 1968 the Land & Development Office staff inspected the spot and found that the Samaj had constructed permanent labour camps at site even though the land had been allotted temporarily. The Samaj had neither paid the security deposit of Rs. 35,062 nor the ground rent of an equal amount payable per annum nor did they ask for extension of lease to continue to remain in possession. As the Samaj had not paid the ground rent and as no permanent construction

were to be allowed on the land that was marked as 'Green' in the Master Plan, the Government cancelled the allotment but the Samaj did not vacate the land and the Government of India in its reply to the questionnaire dated May 21, 1969 has stated that action will be taken under Public Premises Eviction Act, 1958 and that occupation was being treated as unauthorised and damages amounting to Rs. 5,48,515.95 were outstanding against the Samaj for the period from March 18, 1963 to January 17, 1970. What it will be up to date, has not been worked out. There is nothing on the record to show if any action has been taken to recover the damages due. The possession without payment of compensation remains without any action being taken to eject.

**Temporary allotment of land measuring 123 Square yards on the Magazine Road to Delhi Samaj**

16.36 When the 3.55 acres of land near Chandralal on Magazine Road were allotted to the Samaj for construction of labour huts, the Samaj had asked for another piece of land on the same road near the Pumping Station to build the office of the *Pathar Toda* Cooperative Society and Mr. Brij Krishan Chandiwalla, the Pradesh Convener, submitted a plan of the building for sanction of the Delhi Municipal Corporation on November 30, 1962, a copy of which was sent to the Land & Development Officer, New Delhi.

16.37 On March 16, 1963 the Land & Development Officer allotted 123 square yards to the Samaj on the Magazine Road near the Pumping Station for their office building and the amount to be paid by the Samaj was Rs. 32 per mensem in advance amounting to Rs. 384 for one year and a security of another Rs. 384.

16.38 On April 12, 1963, the Housing Commissioner informed the Land & Development Officer that in terms of the Government of India's letter dated November 9, 1961, neither earnest money nor security money was to be deposited in respect of the works executed by the Samaj and that he felt that no security money should be recovered in respect of the land and asked for necessary orders. The condition for payment of security was accordingly withdrawn on September 10, 1963.

16.39 As from November 1, 1965 the ground rent was revised to Rs. 39.36 per mensem. This is shown by a letter of the Land & Development Officer dated January 29, 1966 and

the period of temporary allotment was extended up to January 14, 1969. The Samaj has paid the ground rent upto that date.

16.40 On August 5, 1972, Mr. Brij Krishan Chandiwalla informed the Land & Development Officer that the Samaj had severed all connections with the Cooperative Society and as such they did not need the land any more nor would it be responsible for payment of ground rent and requested the officer to re-take possession of the land and take such action about the structures thereon as he deemed fit but the date from which severance took place was not stated. The ground rent as from January 15, 1969, has not been paid by the Samaj.

**Temporary allotment of land measuring 1,066 sq. yards Qutab Road (Kadam Sharif)**

16.41 The Delhi Development Authority allotted two plots of land measuring 400 sq. yards and 666 sq. yds. on Qutab Road in Kadam Sharif to the Samaj on temporary basis subject to the condition that no permanent structures would be erected on them. The Samaj was to construct temporary structures for running a nursery school and a homoeopathic dispensary.

16.42 On June 7, 1961 the Bharat Sevak Samaj approached the Government of India for the allotment of the above 2 plots for a Community Centre and this was recommended by the Delhi Administration and the Planning Commission. On March 11, 1964 some land was resumed by the Government of India from the Delhi Development Authority. On May 25, 1964 the Land Development Officer offered the two above mentioned plots to the Samaj for running a school and a dispensary for a year upto March 10, 1965 and at Rs. 500 per acre per annum as the premium which worked out to Rs. 110.12 paise and a security for a like amount was also demanded. The Samaj was asked to convey its acceptance within 15 days. On June 1, 1964 the Samaj stated that it was conducting a large number of beneficent activities like a Balwadi, dispensary, Women's Vocational Classes, literacy classes, recreational programmes, night shelter and a Consumer Cooperative store and, therefore, the Samaj could not accept the condition of using it for running a school and a dispensary and it requested that the allotment should be for welfare activities.



16.43 On January 11, 1965 the Land Development Officer agreed to the proposal of the Samaj on payment as follows:—

	Rs.
(1) G.R. for the period from 11-3-64 to 10/3/1965 .. ..	1,652-00
(2) Security Deposit .. ..	1,652-00
(3) Cost for preparation of lease ..	30-00
	<hr/> 3,334-00

16.44 On January 14, 1965 the Pradesh Convener Mr. Brij Krishen Chandiwala informed the Land & Development Officer that the Ministry had already decided to charge no rent from the Samaj and referred to the letters dated October 11, 1954, June 12, 1956 and September 27, 1963. The concession of treating the Samaj as a limb of the Planning Commission thus entitled to free accommodation was withdrawn by Government on May 25, 1965 and this was applicable to Government built accommodation and not to allotment of land. It was decided, therefore, that the Samaj should be charged a premium of rupees 1 lakh per acre and 5% as annual ground rent and it was asked to pay the following revised charges on August 17, 1966:—

	Rs.
(1) Payment of ground rent @ Rs. 1102-00 P.A. for the period from 11-3-64 to 10-3-1966 ..	2,294-00
(2) Payment of security .. ..	1,102-00
(3) Payment of cost for the preparation of lease .. ..	30-00

16.45 The Samaj did not accept the terms and conditions of allotment and made no payment. The Land Development Officer therefore decided to resume the land and served a notice therefor on May 24, 1967, withdrawing allotment offer of August 17, 1966 and he asked the Samaj to restore the possession of land in its original condition after removing the structures after the expiry of a period of one month.

16.46 The Chairman of the Pradesh Samaj then met the Minister for Works, Mr. Jagannath Rao and made a representation on June 16, 1967 requesting the exemption from payment of ground rent because the premises were to be used for welfare activities. It also remitted a sum of Rs. 3,336 on July 11, 1967 as had been demanded by the Land Development

Officer. However, as the payment was after the withdrawal of the allotment, the cheque was returned to the Samaj and the occupation of the Samaj was treated as unauthorised as per the letter of February 9, 1968.

16.47 The Minister in his letter dated August 3, 1967, informed Mr. Brij Krishan Chandiwala that it was not possible to exempt the Samaj from payment of ground rent and also that in its meeting of December 24, 1965, the Delhi Development Authority had resolved that the land in question should be used for a school and not for any other purpose. Further, it might be possible to get the Delhi Development Authority's permission to use the land for educational and charitable activities but the running of a club and a cooperative store could not be allowed and, therefore, the Samaj should either curtail its activities or shift them somewhere else.

16.48 Thus, from the date of intended resumption, i.e. March 11, 1964, the plots of land are under unauthorised occupation of the Delhi Samaj and the damages for use and occupation at Rs. 183.54 p.m. amounting to Rs. 12,972.13 for the period March 11, 1964 to January 31, 1970 is outstanding against the Samaj. The Ministry of Works and Housing have stated that action under Public Properties Eviction Act was yet to be taken.

16.49 Another fact which is noticed is that even though Delhi Development Authority has temporarily allotted only 1066 square yards of land the Delhi Pradesh Bharat Sevak Samaj was in possession of 1369 square yards of land (80' x 154'). Thus they were in unauthorised possession of 303 square yards of land in excess. This is clear from a letter dated March 23, 1964 from the Delhi Development Authority to the Delhi Pradesh Bharat Sevak Samaj and this fact came to their notice at the time of handing over possession of land to the Land & Development Officer. The Delhi Development Authority requested the Government of India on January 29, 1966 to resume the excess area of land measuring 303 sq. yards also for the purpose of allotment to the Bharat Sevak Samaj.

16.50 The Government of India, Ministry of Works & Housing however, did not agree to this proposal and on March 1, 1969 informed the Delhi Development Authority that the Ministry did not desire to allot the excess land measuring 303 sq. yards to the Bharat Sevak Samaj and as such they were not interested in its resumption from the Delhi Development



Authority and they also asked the Delhi Development Authority to continue to recover damages from the Bharat Sevak Samaj for this strip of land till it was vacated by them. A note dated February 6, 1970 in the files of the D.D.A. shows that they had to recover damages from the Samaj for the unauthorised occupation from 1st January, 1958. However, no recovery has been so far effected from the Bharat Sevak Samaj.

#### **Khyber Pass Market Building**

16.51 This building was allotted to the Samaj by the notified Area Committee Delhi in February, 1956 on a yearly basis for running a school at Rs. 100 per annum to meet the cost of annual repairs of the building. The administrative control of this land on which a building had been constructed was taken over by Government in March, 1958.

16.52 On an inquiry made by the Land Development Officer, the Convener Delhi Samaj by his letter dated December 15, 1960 informed him that a Production Centre for Women for grinding condiments and an Ayurvedic dispensary had been started on the premises though the building had been allotted for running a school. By his letter dated June 7, 1962 the Land Development Officer permitted the continuance of the use of the building for that said purpose upto June 30, 1962 provided the Samaj paid a rent of Rs. 100 per annum for the period from March 1, 1957 to June 30, 1962 and executed a lease deed for a temporary lease. The Samaj informed the officer on June 12, 1962 that they had already paid the rent upto March 31, 1962 to the Delhi Municipal Corporation.

16.53 The Delhi Municipal Corporation by a letter dated August 6, 1963 contested the validity of the resumption of the land by the Government and the matter has not yet been decided. The site was inspected by the officers of the Land Development Office on May 5, 1972, June 28, 1972 and September 13, 1972 and it was found that the Samaj had rented out illegally this building to 14 persons who were using it for residential purposes and had been doing so for the last 10 years but they refused to disclose how much rent they were paying. This is a clear case of perversion of user of land which had been taken by the Samaj for conducting welfare activities. The record does not disclose whether any annual rent of the premises has been paid to the Municipal Corporation after March 31, 1962.

#### **Unauthorised encroachment by the Samaj on Government land for a primary school**

16.54 On July 31, 1965 an officer of the Land & Development Office inspected Naoroji Nagar, New Delhi and found that the Secretary of the Bharat Sevak Samaj school had put up a tent on the West of Quarter No. 239 of Naoroji Nagar with the intention of starting a school. On August 11, 1965 he went again to serve a 7-day notice on the Samaj and found the site vacant. Instead, the Secretary had set up a tent on the C.H.S. Dispensary side opposite to M.B. Primary School. A fresh notice was, therefore, served on him on August 16, 1965. The Samaj vacated this site on June 4, 1966 and when it was inspected again on July 8, 1966 it was again found to have been encroached upon i.e. because the schools had been re-opened after summer vacation. On April 5, 1967 the unauthorised school was demolished but the tents were re-erected on April 12, 1967.

16.55 The Land & Development Officer has informed this Commission that action to recover damages under the Public Properties Eviction Act at Rs. 83.32 per month per acre for the period from July 31, 1965 to January 26, 1968 had been taken against the Samaj and that action to recover charges as from January 27, 1968 to January 31, 1970 will be taken.

#### **Allotment of Government Accommodation to the Bharat Sevak Samaj by the Director of Estates, New Delhi**

##### *Government accommodation allotted to the Bharat Sevak Samaj in Delhi*

16.56 On January 3, 1970, the Assistant Director of Estates in the Directorate of Estates of the Department of Works, Housing & Urban Development filed an affidavit stating that 13 items of accommodation in different parts of Delhi had been allotted to the Bharat Sevak Samaj. Some of these buildings allotted to the Samaj were owned by Government; one of them item No. 7—in Ex. 242 which is a statement showing the particulars of accommodation was a requisitioned building; and item No. 8 shown in the same document. 9. Queensway Lane, had been taken on rent by Government from its owner. The particulars of accommodation allotted are given in Ex. 242 which is attached hereto as Table 16-B for the better understanding of the position. Document Ex. 242-A (Table 16-C) is a statement showing the particulars of accommodation

allotted to the Bharat Sevak Samaj in the Theatre Communication Building, New Delhi. Ex. 242-B (Table 16-D) is a statement filed by the Director of Estates on December 11, 1972 and it contains the details of accommodation occupied by the Bharat Sevak Samaj on June 24, 1969. Another document, Ex. 242-C (Table 16-E) is a statement also filed by the Directorate of Estates which shows the accommodation occupied in the Theatre Communication Building as on December 31, 1969.

16.57 The allotment of Government accommodation to the Bharat Sevak Samaj began with room No. 27-A in the Theatre Communication Building on July 16, 1952. Subsequently, further accommodation was allotted for locating offices of the Bharat Sevak Samaj. In the beginning, only nominal rent of Re. 1 per mensem was charged for these premises from the Samaj and an order to that effect was passed on November 29, 1952 by the Estates Office but the Samaj was to pay for service charges including water, electricity etc. which were to be paid according to the rates fixed by the Central Public Works Department.

16.58 In the year 1954 after the Samaj objected to payment of rent under F.R. 45-A the question of rent to be charged from the Samaj was reviewed for all the buildings allotted to the Samaj. At the instance of the Minister for Planning, Mr. G. L. Nanda, it was discussed by the Joint Secretaries of the Ministries of Finance and Works & Housing and Supplies and the Samaj was treated as a limb of the Planning Commission and the accommodation was given rent-free. The details of how this came about will be discussed at a later stage. Suffice it to say here that the Minister for Planning, Mr. G. L. Nanda, wanted the position of the Samaj to be distinguished from other associations such as Annapurna. In pursuance of what the Minister had observed and set out in a minute, orders were issued on September 28, 1954 by the Ministry of Works, Housing & Supplies that the Samaj was to be treated as a limb of the Planning Commission and no rent was to be charged for the accommodation allotted to it. This order became effective retrospectively as from April 1, 1954.

16.59 It might also be remarked at this stage although it will be discussed at length at a later stage, that this concession shown to the Samaj was strongly criticised by the Public Accounts Committee in its 34th Report for the year 1964-65 and on May 25, 1965 the

Government passed orders cancelling the earlier order for rent-free accommodation and directed that the Samaj should be charged market rate of rent for the entire Government accommodation as from July 1, 1965. The details of all the accommodation which was in the occupation of the Samaj and which was previously being treated as rent-free accommodation and which was to be charged rent as from July 1, 1965 is shown in the statement contained in Ex. 242 (Table 16-B). This document also shows that the rent if calculated under the new order as from July 1, 1965 to January 31, 1972 would work out at Rs. 3,30,210.33. According to the statement of Mr. P. S. L. Sarma, Additional Director of Estates, the amount of rent due as on November 30, 1972 was Rs. 3,57,496.33 and a copy of the statement showing how this had been worked out is filed by the Estate Office and is marked Ex. 242-D (Table 16-F).

16.60 According to the calculations made by the Office of the Commission, if ordinary rent had been charged as was later ordered from the very beginning of the allotment according to the rates which were charged from July 1, 1965, the rent recoverable from the Samaj would have been Rs. 11,40,045.89 so that this would amount to an indirect assistance and subsidy to the Bharat Sevak Samaj from the Government of India up to June 30, 1965.

16.61 Apart from the 13 items of accommodation which have been mentioned above and which are contained in the affidavit of the Assistant Director of Estates, there are seven other items of accommodation which are shown in Exhibit 242 (Table 16-B) Part 'B'. The details and files of 4 of these items were supplied to the Commission later but no details were submitted of three items. It is difficult to discuss them at length. All that one may say is that these seven items of accommodation were allotted to the Samaj and some of them were for office bearers of the Samaj who were the direct allottees from the Estate Office.

16.62 For the recovery of arrears of rent of Rs. 3,30,710.33 whether it is rent or it is compensation of user and occupation, the Directorate of Estates is taking action under the Public Premises Eviction Act (1958) but it must be observed that in spite of default of payment of considerable amount of rent, some of the items of accommodation which had been allotted to the Samaj are still in their

occupation. It may further be observed that according to the statement of Mr. Sarma, Additional Director of Estates, the Theatre Communication Buildings were transferred to the New Delhi Municipality as from January 1, 1970 and any rent which was payable thereafter is not included in the figures above-given.

16.63 There was inspection of the buildings in occupation of the Samaj, by the staff of the Directorate of Estates and it was found that some of the accommodation in the Theatre Communication Buildings allotted to the Central Bharat Sevak Samaj was not in their occupation but was in the occupation of some other institution e.g. Nav Jeevan Sangh which was also started by Mr. G. L. Nanda, Minister for Planning. Some of the other portions of accommodation in the Theatre Communication Buildings were in possession of other institutions such as the League of Pen Friends, Bharat Nepal Yuvak Maitri Sangh, Society for the Promotion of Civic Sense in India, Jandharti Sangh, Indian Trade and Industry, News Editors Combine, Radical Weekly and Writers' Cooperative. Further, even a part of the requisitioned building which had been allotted to the Samaj, had been given by it to the Bharat Sadhu Samaj a sister institution, at least so it was described by the Bharat Sevak Samaj in its letters to the Directorate of Estates. Although the Bharat Sadhu Samaj is not now in possession, the building is still in the possession of the Bharat Sevak Samaj and is occupied by its office-bearers.

16.64 There were some other breaches of the terms of allotment also in regard to Community Halls in Vinay Nagar and Kidwai Nagar which as the record shows, were a source of financial benefit to the Samaj. Although these halls were built for the use of residents of Government quarters in those localities, some influence and pressure of highly placed persons was put on the Directorate and the halls were allotted to the Bharat Sevak Samaj and their continued user was strongly objected to by the local associations of the residents of the two colonies.

16.65 Besides the user by the Bharat Sevak Samaj of this accommodation for their activities of a non-commercial nature, a portion of the accommodation was used by its Construction Wing and by Projects Section of the Delhi Pradesh Bharat Sevak Samaj. The user by the Central Construction Service of the B.S.S. of the accommodation continues even upto to-day.

16.66 Some barracks on plots Nos. 10 and 10-A of Rouse Avenue had been allotted to the Samaj for the Occupational Therapy Institute but a portion of it was used as a godown for its constructional activities and a portion of it as well as some barracks on plot No. 9 were used for the purposes of running a college started by an office-bearer of the Samaj which might be a very laudable object and laudable institution but the user was not authorised by the terms of the allotment.

16.67 The Commission would like to observe that when the accommodation was given in the U.S.A. Pavillion on the Exhibition Grounds, the Director of Estates was charging rent from the Samaj Construction Service @ Rs. 50/- per hundred square feet but when the same kind of user was brought to the notice of the Director of Estates by the Accountant General, Commerce, Works & Miscellaneous, no such action was taken in the case of other premises e.g. Theatre Buildings.

16.68 The Commission will now discuss the allotment and the kind of user by the Samaj of the different items of accommodation allotted to it. The question and the quantum of rent chargeable and what was charged by the Estate office and what is now outstanding against the Samaj will also be discussed. Further the effect of non charging of rent by the Estate office and of the non payment of rent by the Samaj will also be dealt with herein.

#### **Theatre Communication Building in Connaught Circus and Hutments in Travancore House, New Delhi**

16.69 The history of the allotment may be stated as follows. On July 2, 1952, Mr. Swaran Singh, Minister for Works, Housing & Supply sent a note to the Joint Secretary, Mr. S. Ranganathan saying that he had been approached on behalf of the Bharat Sevak Samaj for giving some accommodation to them and he asked the Joint Secretary to find out if it was possible to give two or three rooms in the Theatre Communication Building to them. Enquiries were made the same day and it was found that if the Election Commission was shifted from P-Block then some vacancies might arise in the Connaught Place. Subsequently but on the same day the Minister ordered that he had explained the position to Mrs. Indira Gandhi, who evidently was then connected with the Bharat Sevak Samaj, and P-Block accommodation would become available and then the Bharat Sevak

Samaj could be accommodated in Connaught Circus and one or two rooms allotted to it. The Theatre Communication Buildings were examined on July 10, 1952 by an officer of the Estates Office with a view to finding a suitable room for the Bharat Sevak Samaj. This was under the directions of the Secretary of the Ministry of Works, Housing and Supply.

16.70 One room No. 27-A in the Theatre Communication Building had been allotted to the New Delhi Municipal Committee for Ayurvedic Dispensary but it was still lying vacant and Mr. M. O. Mathai, who was then the Private Secretary to the Prime Minister, considered the room to be suitable for the Samaj. The area of this room was 457 sft. The room was therefore withdrawn from the New Delhi Municipal Committee and allotted to the Samaj and the New Delhi Municipal Committee was allotted some other room. The room allotted to it was occupied by the Samaj on July 16, 1952 and all this was under the orders of the Joint Estates Officer but the formal letter of allotment was issued on July 22, 1952 in which it was stated that the rent would be intimated later.

16.71 Mr. Tarlok Singh, then a Deputy Secretary in the Planning Commission, wrote to the Secretary, Works, Housing & Supply on June 28, 1952 saying that—

“...The Planning Minister spoke to you two days ago about the Planning Commission's need for additional accommodation..... You are also aware of the announcement recently about the establishment of the Bharat Sevak Samaj which is a platform for constructive work for national development. The work of the Bharat Sevak Samaj is likely to grow a great deal and its contacts are likely to be extensive. It would be most convenient for the Bharat Sevak Samaj if the accommodation could be found in a fairly self-contained or independent place outside the Secretariat. Until this could be done, the work of the Bharat Sevak Samaj has to be done from the office of the Planning Commission.”

16.72 On July 9, 1952, while examining the question of allotment to the Samaj in the Travancore House Hutments, the Secretary

of the Ministry of Works, Housing & Supply said in his note:—

“Cannot we give two or three rooms to the Delhi Branch of Bharat Sevak Samaj on whose behalf both Dr. Nayyar and Mrs. Indira Gandhi have spoken to hon'ble Minister”.

Pursuant thereto two rooms, Nos. 15 and 16 in the Travancore House were placed at the disposal of the Bharat Sevak Samaj (Planning Commission) on July 23, 1952.

16.73 On August 20, 1958, Mr. Tarlok Singh again wrote to the Works & Housing Ministry that the Deputy Chairman (Minister for Planning, Mr. G. L. Nanda) wanted some additional accommodation to be given to the Samaj and in his note of August 28, 1952, the Secretary enquired as to how this could be complied with. One more room was thereafter allotted to the Samaj—Room No. 1 on October 7, 1952. As this room was not vacated, the Director of Estates allowed room No. 14 to the Samaj by a letter dated December 13, 1952.

**Exchange of accommodation in Travancore House with the additional accommodation provided in the Theatre Communication Building**

16.74 Mr. Swaran Singh, the then Minister for Works & Housing, sent another note on March 11, 1953 regarding the demand of the Samaj for additional accommodation saying that Mr. Gulzari Lal Nanda had asked him for finding some more accommodation for the Samaj. Mr. Swaran Singh asked for the case to be examined and some more accommodation given.

16.75 In December 1953, additional office accommodation was again examined and it was decided with the approval of the Minister for Works & Housing that the rooms in the Travancore Hutments measuring 663 sft. might be withdrawn from the Samaj and in lieu thereof rooms 9 and 10 in Theatre Communication Building measuring 1668 sft. might be placed at their disposal. Orders were passed to that effect on December 22, 1953 and those two rooms along with two small rooms attached thereto were allotted to the Samaj.

16.76 The Samaj wanted still more accommodation and because of their persistent demands as a result of the expansion of their activities, further accommodation was allotted to the Samaj as shown in Table 16-C (Ex. 242-A).

**Unauthorised occupation of accommodation in the Theatre Communication Building by the Bharat Sevak Samaj**

16.77 The Estates Office had allotted room No. 27 to the Indian Labour Forum and a notice was given to it to vacate the Government accommodation which was to expire by February 28, 1958.

16.78 On October 10, 1957, Mr. T. Ramchandra, Chief Camp Organiser, Central Bharat Sevak Samaj wrote to the then Estates Officer saying that the Secretary to the Indian Labour Forum had authorised him to inform the Estates Officer that it would surrender the room. As a matter of fact, it had surrendered the room to the Delhi Pradesh Bharat Sevak Samaj on August 1, 1957. A sum of Rs. 585.07 was also sent by him to the Estates Office. This was the amount which was claimed by the Estates Office from the Indian Labour Forum as rent due up to July 31, 1957.

16.79 The Estates Officer on November 20, 1957 wrote to Mr. Ramchandra that this kind of handing over was irregular and it was objectionable for the Bharat Sevak Samaj to have taken the room directly from the Forum and also that he could not regularise this transfer of accommodation from one organisation to another and he called upon the Samaj to hand over the possession of the building to the Central Public Works Department and that the Indian Labour Forum would be liable to pay rent till its vacant possession was handed over to the Central Public Works Department. Thereupon Mr. Krishna Prasada, I.C.S. (retd.), General Secretary of the Central Bharat Sevak Samaj, wrote to the Secretary of the Ministry on December 6, 1957 stating that Major Ramchandra, in addition to his being a Chief Camp Organiser of the Samaj, was connected with the Indian Labour Forum and as the work in the Forum had decreased, he had permitted the room to be used by the Works Camp Section of the Samaj, i.e. to himself. This arrangement became necessary because the accommodation available for the Works Camp Section of the Samaj was inadequate; its activities having increased immensely, it required floor area of 1600 sft. to accommodate six officers, 15 assistants and others and two Sahayaks and the accommodation it had was only 1000 sft. Therefore, if Room No. 27 was taken away, it would be difficult for the Works Camp Section to carry out its activities. He also said that the Samaj in this activity was working exclusively for and at

the cost of the Ministry of Education and therefore he hoped that room No. 27 would be allotted to the Samaj and it will be allowed to continue to use it.

16.80 After this letter, the Estate Officer evidently had no other choice but to regularise the allotment which it did on February 3, 1958. It may here be pointed out that whereas Mr. Ramchandra had stated that the room was handed over to the Delhi State Bharat Sevak Samaj, Mr. Krishna Prasada says that it was being used by Mr. Ramchandra for Works Camp Section of the Central Samaj. But evidently the possession was of the Delhi Pradesh Office and according to the information placed before the Commission, it is still in the possession of the Delhi Pradesh Samaj. Mr. Krishna Prasada's information was therefore incorrect to put it most mildly.

**Building No. 4/23 Ajmeri Gate Extension Area**

16.81 The previous request had come from Mr. G. L. Nanda. Now Mr. Brij Krishan Chandiwalla, Pradesh Convener of the Delhi Bharat Sevak Samaj, requested Mr. Swaran Singh, Minister for Works & Housing & Supply for allotment of some accommodation to the Samaj for running a regular Slum Clearance Service Office, stating that the Bharat Sevak Samaj was given the task by the Prime Minister of improving some of the *katras* in Delhi City and it was doing its best to carry out that programme. He also stated that the Prime Minister had provided the funds. As a consequence, a room measuring 440 sft. on the 2nd floor of building No. 4/23, Ajmeri Gate Extension Area was allotted to the Samaj on July 10, 1956 for running a regular Slum Clearance Office in Delhi. The Samaj had taken possession of it on July 9, 1956.

**Furnishing of the accommodation by the Planning Commission**

16.82 In a note of Mr. P. Das Under Secretary in the Planning Commission dated July 21, 1952 it was stated:

"D.S. (P) had a talk this morning with Secretary, Works, Housing & Supply. It was decided that pending final decision about the number of rooms, we could take over two rooms at least straightaway today and have them furnished with necessary furniture. Please contact Estate Office

personally and take over these two rooms and lock them with our own locks. There should also be a telephone installed in one of the rooms straightaway. Write to the telephone people immediately."

16.83 This would show that two rooms in the Travancore House Hutments were furnished with the necessary furniture and a telephone was installed therein by the Planning Commission.

#### Fixation of rent

16.84 The rent of room No. 27-A of the Theatre Communication Buildings was worked out by the Estate Office on August 14, 1952 to be Rs. 98.11 annas per month including electric and water charges the details of which are as follows:—

1. Building .. @Rs. 17/10/- P.M. for 100 sft.
2. Water .. @Re. -/4/- P.M. ,, ,,
3. Electric .. @Rs. 2/-/- P.M. ,, ,,
4. Caretaking .. @Rs. 1/12/- P.M. ,, ,,

16.85 On August 30, 1952 Mr. M. O. Mathai, Private Secretary to the Prime Minister wrote to the Secretary of the Ministry of Works, Housing & Supply forwarding therewith a letter from Mr. Radha Raman, M. P. requesting for fixing of a nominal rent of rupee 1 per month on the analogy of the Indian Labour Forum which was paying that amount for room No. 27 in the same building. Mr. Mathai added that he was under the impression that the Samaj being a non-political social organisation set up with the active blessings of the Planning Commission would get the same treatment as the Indian Labour Forum and he requested the Secretary to do what he could in the matter.

16.86 Mr. Tarlok Singh, Deputy Secretary in the Planning Commission in his letter dated October 3, 1952 to the Secretary, Ministry of Works, Housing & Supply said that the Planning Minister, Mr. G. L. Nanda had suggested that the Bharat Sevak Samaj was a "fit organisation to be allowed office accommodation on a nominal charge" and that the same suggestion was made at a joint meeting of the Planning Commission and the Central Board of the Bharat Sevak Samaj which was held on September 15, 1952. On this letter the Secretary, Mr. C. C. Desai wrote "I think that this

is a clear case for charging a nominal rent to Bharat Sevak Samaj. We should now take it up with Finance, if necessary."

16.87 A note dated September 23, 1952 addressed to the Ministry of Finance from the Estate Officer said that the principle of charging nominal rent of rupee one for Government accommodation allotted to the following organisations had been accepted:

- (i) C.A.R.E.
- (ii) All India Fine Arts & Crafts Society.
- (iii) Indian Labour Forum.
- (iv) The Indian Co-operation Union.

16.88 The note also said that the criterion for the concession was that they were non-profit making bodies engaged in constructive work and that the gesture from Government was not altogether un-warranted. Besides the rent the Municipal charges were to be borne by the societies mentioned therein. And further that the principle of charging nominal rent would apply with greater force in the case of the Bharat Sevak Samaj as it was a non-political organisation set up under the aegis of the Planning Commission on a national front for constructive work.

16.89 The Ministry of Finance in their note dated October 16, 1952 said—

"Considering the constitution of the Bharat Sevak Samaj there would be ordinarily no objection to their being charged a nominal rent of Re. 1 p.m. for accommodation allotted in a building owned by Government but the concession should be given subject to a yearly review as we notice from para 9 (Funds) of the draft that the Samaj expects payments for services rendered. We, however, presume that the Theatre Communication Building and Travancore House are requisitioned buildings and Government are paying rent to the land-lords. The question for consideration, therefore, is how far it is admissible to allot accommodation practically free of rent in a building where Government themselves are paying rent. We would like to know in this connection the proportionate rent, if any, which Government would have to pay for this accommodation to the land lords so that we may know the exact amount of hidden subsidy which Government

would be paying to the Samaj. In either case, the Samaj would pay directly House Tax, if any, and electric and water charges. Can Works Housing & Supply Ministry supply information asked for at 'A' above to enable us to consider their proposal".

16.90 The Estate Office clarified the position on October 21, 1952 saying that the Theatre Communication Buildings and Travancore House Hutments were owned by Government. Thereupon the Finance Ministry by a note dated November 8, 1952 agreed to one rupee per month as rent but they wanted this to be made clear that the position would be reviewed every year in October and that service charges would be recovered from the Samaj.

16.91 In a letter dated November 29, 1952 the Estate Office sanctioned the recovery of one rupee per month in respect of the accommodation in Travancore House Hutments and Theatre Communication Building the total area being 1-1-57 sq. ft. and the Samaj was to pay proportionate service charges. This concession was extended upto March 31, 1954 by a letter of the Ministry of Works, Housing & Supply dated August 18, 1954.

#### **The Bharat Sevak Samaj a Limb of Planning Commission**

16.92 The Clerks Club Building was allotted to the Samaj and rent for the same was to be charged on under F.R. 45-A which the Samaj was un-willing or unable to pay.

16.93 On April 12, 1954 Mr. Brij Krishan Chandiwala requested Mr. G. L. Nanda, Minister for Planning to write to the Ministry of Works, Housing & Supply to charge only a nominal rent for the Clerks' Club Building in Vinay Nagar which had been allotted to the Samaj on a monthly rent of Rs. 104 per mensem as that was beyond the means of the Samaj. On the 15th April, 1954 Mr. Brij Krishan Chandiwala also wrote to Mr. Swaran Singh, Minister for Housing enclosing therewith a copy of the letter which he had sent to the Minister for Planning. Thereupon the Minister for Works & Housing recorded a minute dated April 17, 1954 asking that the matter be examined.

16.94 The Government of India, Ministry of Works had decided on the 17th March, 1954 to charge from Semi-government and public

organisations taking Government accommodation rent under F.R. 45-A with effect from the 1st April, 1954 but these orders did not apply to the block of Kacha out-houses allotted to the Bharat Sevak Samaj on Panchkuin Road, New Delhi and the accommodation allotted to Yoga Ashram on Mandir Lane, Ridge Road from whom rent was to be charged on a concessional rate. The Ministry's file shows the notings at pages 40-41 where it was stated that the draft lease in connection with the Clerks' Club Building in Vinay Nagar allotted to the Samaj on the 27th March, 1954 gives the various terms and conditions of allotment but the office was doubtful as to whether rent under F.R. 45-A could be recovered as such organisations were required to pay full rent under F.R. 45-B. No rent was therefore given in the draft lease and it was said therein that the amount of rent would be communicated later. On the 17th March, 1954 the position was clarified and the Samaj was to pay under F.R. 45-A.

16.95 In regard to the submission of the Samaj that it was unable to pay rent under F.R. 45-A it was said in the notings that this was done with effect from 1st April, 1954 as that was the decision of the Ministry. The Samaj was therefore required to pay under F.R. 45-A a sum of Rs. 103.13 per mensem. It was also said that if the request of the Samaj was agreed to then the amount of the rent might be decided and also that possession had not been given to the Samaj pending finalisation of the rent chargeable. This is shown by the noting of the Estate Officer dated 24th April, 1954. Mr. K. Kishore wrote on this note that in consultation with the Ministry of Finance a decision had been taken that the rent chargeable would not be on a nominal basis but would be on F.R. 45-A but that also meant considerable reduction of rent. Mr. Swaran Singh wrote thereon "Please speak". The Joint Secretary after he had spoken to the Minister wrote a note that the Finance was feeling it difficult to charge no rent or only a nominal rent because of the objections of audit. He had spoken to Mr. Tarlok Singh who was inclined to agree that rent be charged as proposed and if necessary the grant might be increased. He ended his note by saying, "He said that he will have a talk with Mr. Gulzari Lal Nanda and then let me know". This was by Mr. S. Ranganathan. The next note is by Mr. Tarlok Singh which says that he mentioned the matter to the Minister for Planning and he would appreciate if he had



an opportunity of discussing the matter with Mr. Ranganathan who was asked to make an appointment with the Planning Minister. Next there is a note by Mr. Ranganathan that after discussing the matter with Mr. Gulzari Lal Nanda who felt that the Samaj was to be distinguished from Annapoorna as it was a limb of the Planning Commission and had to report to the Planning Commission its activities under its constitution which were even liable to be discussed in Parliament along with those of the Commission. Therefore it was agreed that the allotment to the Samaj should be made on a rent-free basis without charging even a nominal rent. The allotment should be deemed to be made to the Planning Commission. This note ended by saying "It is therefore proposed hereafter to make these allotments to the Samaj on a rent free basis deeming them to be made to the Planning Commission. H. M. and Shri Ratnam may see before action is taken on these lines". On this Mr. Swaran Singh wrote that it would be for Mr. Ratnam to consider if he wants to show it to the Finance associated with the Planning Commission. The next note is:

"We have no objection to treat the Bharat Sevak Samaj as a limb of the Planning Commission and accordingly made eligible for government accommodation free of cost.

J.S. (W) Shri Ratnam has seen. The Finance Branch attached to Planning Commission has also been consulted".

and the matter was then sent back to Mr. S. Ranganathan.

16.96 The Ministry of Works, Housing & Supply thereafter issued a general order stating that the Bharat Sevak Samaj should be treated as a limb of the Planning Commission for purposes of allotment of Government accommodation and no rent would be paid by the Samaj for any accommodation allotted to it by Government but it would pay for services and the order was to take effect from 1st April, 1954.

16.97 It appears that it was the opinion of Mr. Nanda, the Planning Minister that the Bharat Sevak Samaj was in fact a limb of the Planning Commission and in terms of its constitution a report had to be made to the Planning Commission of its activities and its activities were liable to be discussed in Parliament along with those of the Commission. It

was according to him therefore an essential implement created by the Planning Commission to popularise the plan in its wider aspects. It appears that based on this, a general order was issued on the 28th September, 1954 to the effect that the Bharat Sevak Samaj should be treated as a limb of the Planning Commission for purposes of allotment of Government accommodation, and no rent would be payable for any such accommodation but services would be paid for by it. The order was retrospective as from the 1st April, 1954.

16.98 The commission has not been able to find any provision in the constitution of the Bharat Sevak Samaj requiring it to make a report to the Planning Commission of its activities as was stated by Mr. Gulzari Lal Nanda in his discussion with Mr. Ranganathan and Mr. Ratnam, nor is there any order brought to the notice of the Commission under which the Bharat Sevak Samaj was to be treated as a limb of the Planning Commission. Still less was there any basis that the activities of the Samaj were liable to be discussed in Parliament along with those of the Commission. The Commission is not obvious of the fact that under the terms of grants made for various activities the Samaj had to render accounts; and of certain activities it had to send a report as to what it had done; but that was to the Ministries that had given the grants and it was not always the Planning Commission which gave the grants, Ministries of Education, Information, and Health had also given grants for various activities, so also had the Central Social Welfare Board. The Samaj has not brought to the notice of the Commission any provision in its constitution which supports the opinion held by Mr. G. L. Nanda. Of course when grants are given from public revenues the matter comes within the scrutiny of the Lower House—the House of the People.

#### **Misuse of accommodation by the Bharat Sevak Samaj**

16.99 On the 24th October, 1962 the Director of Estates got an anonymous complaint that room No. 86 allotted to the Delhi Samaj had been sublet to Mr. Radha Raman, M.P. on exorbitant rent and that Mr. Radha Raman was using it for commercial and political activities. His phone No. 47457 was also installed in that room. Enquiries were thereafter made discreetly by the Director and it was found that Mr. Radha Raman was running a Nations Pen Friends League in that



room and the telephone was in the name of Executive Director, Nations League of Conference (Pen Friends).

16.100 The Additional Director of Estates in his noting said that "a pen friends league, no matter how laudable its objects be, is not part of the known activities of, the Bharat Sevak Samaj", but the case was closed by him in view of the fact that important personalities like the Vice President of India, the Ex-Speaker of the House of the People (Lok Sabha) were among the Board of Directors of the League and Mr. Radha Raman was also Chairman of the Delhi Branch of the Yuvak Samaj and the Bharat Sevak Samaj.

16.101 An official of the Directorate of Estates inspected the premises on the 7th February, 1964 and he found the office of the Pen Friends' League in room No. 86. The Minister for Works Mr. Mehr Chand Khanna therefore ordered on the 20th February, 1964 to get the room vacated. A show cause notice was issued to the Delhi Pradesh Bharat Sevak Samaj on the 11th March, 1964 on the ground of giving the accommodation to the League without the prior authority of the Director. This show cause notice was replied to by Mr. Brij Krishan Chandiwalla on 19th March, 1964 saying that the room was used by Bharat Yuvak Samaj which was a Youth Wing of the Bharat Sevak Samaj and it was also used by Mr. Radha Raman who was one of the Principal office bearers, as a sitting room. He admitted that some work of the Pen Friends movement was also done there but that also was an essential youth activity of educational character, and in their opinion no irregularity had been committed, and then the case was put up before the Minister. He ordered on the 16th April, 1964 that there was no need to pursue it any further.

16.102 It may be pointed out that concession of rent in regard to the Government accommodation to the Bharat Sevak Samaj was withdrawn as from the 1st July, 1965 and it was ordered that rent at Rs. 50 per 100 sq. ft. per mensem be recovered from the Samaj. When the notice to pay arrears of rent of Rs. 9,512.51 for rooms 27, 27-A, and 86 with its Annexe and the Green Room in the Theatre Communication Building was served. Mrs. K. D. Puri, Chairman of the Delhi Pradesh Samaj wrote to the Minister. (then Mr. Jagan Nath Rao) on the 30th October, 1967 saying that room 86 was occupied by Mr. Radha Raman for his Pen Friends' activities and the

Green Room by the Central Bharat Sevak Samaj Youth Wing, room No. 27 by Voters Parishad leaving only Room No. 27-A and in view of the grants being stopped which was the main source of their activities the Samaj was not in a position to pay any rent. She therefore, requested the Government to take what ever action was necessary to get the rooms occupied by other units of the Samaj vacated or those rooms might be given to the various institutions directly and also past rent may be recovered from them but as to room No. 27-A occupied by her she said she was prepared to pay the old arrears; if that was not possible the recovery at the new rates might be made out of the grant for the year 1966-67 which had not till then been paid. Otherwise the monthly instalments might be fixed. This would show that room No. 86 was being used for activities of Pen Friends League which is also clear from the letter of Mr. Radha Raman dated 12th May, 1967 addressed to the Minister for Works & Housing in which it was requested that the room may be allotted in his name in view of the fact that the Samaj was forcing him to vacate the same.

16.103 It shows therefore that as long as the accommodation remained rent-free the Samaj took the plea that Pen Friends' League and Bharat Yuvak Samaj were a part of their activity and when the Government decided to charge rent, that position was given up and all connections were disowned. It also shows that rooms No. 86, 27 and the Green Room in the Theatre Communication Buildings were used for purposes not included in the terms of allotment.

#### **Sub-letting of Room No. 9-B and part of Room No 24 in the Theatre Communication Building**

16.104 These two rooms had been allotted to the Central Samaj. However it came to the notice of the Director of Estates that room 9-B and part of room 24 were sub-let and were actually in the occupation of the Bharat Nepal Yuvak Maitri Sangh and Jan-dharti Sangh. For the reasons that the rooms were not required by the Samaj the Director for Estates cancelled the allotment as from the 31st January, 1968 by a letter dated 12th December, 1967 and required the Samaj to give vacant possession on or before the 31st January, 1968 and in default eviction proceedings would be started and damages for unauthorised occupation would be recovered.

The Samaj failed to hand-over vacant possession of the premises. Eviction proceedings were started on the 14th June, 1968 against the following:—

- (i) Central Bharat Sevak Samaj.
- (ii) Mr. P. N. Chowdhry, Vice-President, Society for the promotion of Civic Sense in India (for occupying room No. 24).
- (iii) Secretary, Jandharti Sangh (for occupying part of room No. 24).
- (iv) General Secretary, Bharat Nepal Yuvak Maitri Sangh (for occupying room No. 9-B).

16.105 On the 31st August 1968 Mr. Manohar Lal Chowdhry represented to the Minister for Works stating that the occupation of room 24 was given to him by the Samaj and he was utilising it as an office of the following:—

- (i) Indian Trade and Industry Newspapers Editor's Combine.
- (ii) The Writers' Cooperative.
- (iii) Society for the Promotion of Civic Sense in India.

And he described himself as the General Secretary of the above organisations. He further said that he intended to start the English Weekly 'The Delhi Life' and requested the Minister to make the allotment in his name. There is nothing on file to show as to whether these premises were got vacated or not or any damages for use and occupation were recovered or not. Mr. P. S. L. Sarma, Additional Director of Estates appearing as a witness stated that as from the 1st January, 1970 the Theatre Communication Building had been handed back to the New Delhi Municipal Committee but that according to the files the possession was still with the Bharat Sevak Samaj.

16.106 Mr. C. L. Kohli for the Samaj pointed out that room No. 24 was not in their possession.

#### **Rooms No. 9-C and 11 of the Theatre Communication Building**

16.107 On the 13th August, 1968 an inspection of the premises of the Theatre Communication Building was conducted by the officers of the Directorate of Estates and they found that rooms 9-C and 11 were in the occupation of Nav Jeevan Sangh. A notice was therefore served on the Central Bharat Sevak

Samaj on the 5th September, 1968 calling upon the Samaj to explain why it had allowed the rooms to be utilised by an other institution without getting prior approval and therefore why the allotment should not be cancelled and in default of a satisfactory reply by the 15th September, 1968 the allotment would be cancelled, and the rooms got vacated. As no reply was received from the Samaj the allotment was cancelled as from the 30th November, 1968 and the Samaj was asked to hand-over possession failing which eviction proceedings would be started.

16.108 The Samaj in reply dated 3rd December, 1968 drew the attention of the Director to the letter of Mr. G. L. Nanda, President of Nav Jeevan Sangh dated 1st November, 1968 which was addressed to the Minister for Works & Housing and hoped that the *status quo* would be allowed to continue till the matter was decided between Mr. Nanda and the Housing Minister. This letter is not on the file. The notings on the file however show that it was decided to treat these rooms as having been surrendered by the Samaj as from the 1st December, 1968 and formally allotted to the Nav Jeevan Sangh. The date from which these rooms passed on to the possession of the Sangh and the circumstances and the reasons why it was allotted to the Nav Jeevan Sangh are not shown by the record.

#### **Rooms No. 17 and 19 Theatre Communication Building**

16.109 On the 1st January, 1970 the Theatre Communication Building was transferred to the New Delhi Municipal Committee by the Government of India. One of the terms and conditions of the transfer was that the existing tenants would be allowed to continue on existing terms till the State Emporia buildings under construction on Irwin Road were completed. Rooms No. 17 and 19 were in the occupation of the Samaj.

16.110 The officials of the New Delhi Municipal Committee inspected the premises and found that room No. 17 was occupied by "the Radical Weekly" and room No. 19 was lying vacant. The Committee therefore enquired from the Samaj on the 9th April, 1970 whether the rooms were still in its possession and if so what the status of the occupant of room No. 17 was and a copy of the letter was sent to the Estate Office to clarify the position. Neither of them seem to have done anything in the matter of clarification. This is another instance where Government accommodation

was unauthorisedly passed on by the Samaj to a third party without the knowledge or consent of the Director of Estates instead of its being surrendered to the Government, who either must be helpless or unable to protect the interests of the Government. The Commission would not like to say that he is unwilling to do his duty.

**Notice for vacating the accommodation allotted to the Samaj**

16.111 The Government of India found that there was shortage of accommodation for its offices in Delhi. Its total requirement was 46,00,000 sq. ft. and the available accommodation was only 41,00,000 sq. ft. out of which 5,00,000 sq. ft. were leased and requisitioned buildings. In spite of this Government had chosen to allot 1,20,000 sq. ft. to private organisations of which the Samaj was occupying only 12,728 sq. ft. in the Janpath barracks and Theatre Communication Building free of rent. Government on the other hand had been taking private properties on lease for their own requirements at Rs. 60/- to Rs. 70/- per 100 sq. ft. and that also in far off colonies, and the rent for areas like Parliament Street and Connaught Circus was as high as Rs. 1.50 to Rs. 2/- per sq. ft. All this is stated in a letter of the Director of Estates dated 23rd September, 1962 addressed to the Ministry of Works & Housing.

16.112 In his letter dated 28th September, 1962 the Director of Estates issued a notice both to the Central Samaj as well as the Delhi Samaj to vacate Government premises by 31st December, 1962 failing which eviction proceedings would be taken and rent at the rate of Rs. 50 per 100 sq. ft. plus other charges would be recovered as from the 1st August, 1962.

16.113 Mr. L. N. Misra, now Minister for Railways, was then the General Secretary of the Central Bharat Sevak Samaj who took up the matter with the Minister for Works & Housing, Mr. Mehr Chand Khanna, and wrote to him on the 16th October, 1962 stating that the Samaj was a non-official organisation carrying out development schemes of the Government of India under the Five Year Plans. As the Samaj was treated differently from other organisations in the matter of charging rent, it would be equitable not to treat it on par with others and ask it to vacate the premises allotted to it, and he requested that the notice of vacation of the premises might be withdrawn. The matter was then discussed between the Minister for Works and

Housing on the one hand and Mr. Jai Sukh Lal Hathi, Minister for Supply, Mr. Ahmed Mohi-Ud-Din, Minister for Transport and Communications and Mr. L. N. Misra all office because of the Samaj on the other. This was on the 20th October, 1962.

16.114 The Minister for Works & Housing then replied on the 19th November, 1962 suggesting that the accommodation for office given to the Samaj might be reviewed and the space which was not essential might be released immediately, and he asked the Samaj to pay the dues which were outstanding. As regards recovery of rent at Rs. 50/- per 100 sq. ft. he said that the policy of Government was that there should be no hidden subsidy to non-entitled organisations by giving accommodation at concessional rates and further that even though the Government was paying Rs. 60/- per 100 sq. ft. it had only asked Rs. 50/- from the Samaj. The best course therefore for the Samaj was to ask for a grant instead of getting a concealed subsidy by way of concessional rents.

16.115 Mr. G. L. Nanda, Minister for Planning then spoke to the Minister for Works & Housing and the matter was again discussed with the Minister for Finance and thereafter the Minister for Works & Housing wrote to Mr. Nanda on the 12th February, 1963 pointing out that he had no means to check the needs of the Samaj as regards accommodation and he did not propose to ask the Director of Estates to look into the matter and suggested that Mr. Tarlok Singh, Member, Planning Commission might be requested to look into that aspect of the matter. He also pointed out that the Samaj owed Rs. 17,000/- upto the end of December, 1962 for water and electric charges in connection with Theatre Communication Building and Janpath Barracks which covered a period of 4 years and requested Mr. Nanda to have the arrears paid forthwith. It was also said in the letter that the Samaj was occupying the following residential accommodation:—

- (i) 90-B, Press Road, rent Rs. 93/- p.m.,
- (ii) 26, Baisakha Singh Building, rent Rs. 78/- p.m.,
- (iii) 9, Queensway Lane, rent Rs. 90/- p.m.,
- (iv) 58, Sujan Singh Park, rent Rs. 217.60 paise p.m., and
- (v) B-12/182, Lodi Road, (rent free),

Out of these Nos. (ii) and (iv) were requisitioned properties, No. (iii) had been taken on lease and (i) and (v) were part of the general pool. The amount of arrears of dues on account of (ii), (iii) and (iv) was Rs. 3,400/-. As Government was under obligation to pay to the landlords, the Minister requested Mr. Nanda to ask the Samaj to pay these dues immediately and for the future he proposed to derequisition those three properties and the Samaj could attorn to the landlords direct and there was no justification for the Government to requisition the property which was not required for its official use. He also referred to a Supreme Court judgement holding that such requisitioning was not for a public purpose. Further he said that for properties (i) and (v) the Samaj should be asked to pay commercial rent from 1st April, 1963 as that was the decision of the Cabinet and as in the case of office accommodation a grant could be given to the Samaj for the purpose. The arrears of rent for property No. (i) amounted to Rs. 6,800/-. This house was in possession of Mr. J. K. Khanna who was previously in No. 353, Pandara Road allotted to him on the 23rd March, 1954. When he vacated that house he was given 90-B, Press Road. In the Minister's opinion that accommodation should never have been allotted unless the arrears of rent of the house at Pandara Road were cleared. The rent of the house was Rs. 93/- per mensem but according to the policy decision Mr. J. K. Khanna would have to pay Rs. 154/- per mensem.

16.116 The Minister then referred to two more buildings, the Community Halls in Kidwai Nagar and Sarojini Nagar, with a floor space of 4,644 sq. ft. the rent for which would amount to Rs. 2,300/- per mensem which the Samaj would be asked to pay as from the 1st April, 1963. The Minister, therefore, emphasised that if the Samaj was to be helped it was desirable to give them grants openly for meeting their obligations instead of giving them a hidden subsidy. The matter was then discussed between the Minister for Planning Mr. G. L. Nanda and Mr. M. C. Khanna, the Minister for Housing and the following minute was recorded by the Minister for Housing:—

1. "Pursuant to my D.O. of the 12th February, 1963, to him, I discussed with the Minister for Planning, Labour and Employment today, matters pertaining to the accommodation in the possession of the Bharat Sevak

Samaj. Shri Gulzarilal Nanda told me that in view of the work that the Bharat Sevak Samaj was performing, the Planning Commission would like that the Samaj continue to be helped in finding the necessary accommodation, but he agreed that eventually the Samaj should have their own accommodation in Delhi, which would be much the best thing. He suggested that about one acre of land may be allotted to the Bharat Sevak Samaj so that they can construct their own office building in two or three years' time. A location in the area being developed near the Safdarjang Hospital was mentioned in this connection. I agreed that we shall examine the question and try to allot the land required by the Bharat Sevak Samaj.

2. In the meanwhile, Shri Gulzarilal Nanda suggested, the existing arrangements of office accommodation need not be disturbed and the office accommodation as well as the two Community Halls (making a total of 17,372 sq. ft.) provided for the Bharat Sevak Samaj may continue to be rent-free. I told him that I shall discuss the suggestion with the Finance Minister.
3. The Minister for Planning, Labour & Employment, agreed to get the reasonableness of the area occupied by the Bharat Sevak Samaj examined and to send us a note in due course whether the accommodation is in excess of their needs and, if so, how much area could be surrendered.
4. As regards the outstanding arrears of water and electricity charges etc., against the Samaj, Shri Gulzarilal Nanda assured me that these arrears will be paid forthwith and in future the charges would be paid promptly every month till separate meters are installed when the Samaj would become liable to pay their bills directly to the N.D.M.C.
5. The Minister for Planning, Labour & Employment suggested that the residential accommodation provided for the Bharat Sevak Samaj may not be withdrawn for the present, but agreed that in respect of Government residences full normal rents

may be charged and no subsidy in rents need be continued whether in respect of requisitioned or leased accommodation or Government accommodation. I have agreed to this.

6. As regards the arrears of rent outstanding in respect of the residential accommodation, Shri Gulzarilal Nanda stated that these arrears will also be paid without any further delay but added that the then Minister, Works, Housing & Supply, Shri K. C. Reddy had agreed to make some reduction in the arrears of rent outstanding against Shri Jugal Kishore Khanna and suggested that the reduction already allowed may not be withdrawn. I have told him that I shall get this matter examined and if my predecessor has taken any decision of this nature, I shall certainly honour it.

7. The Minister for Planning, Labour & Employment may please see after which action will be taken accordingly”.

16.117 This meant that (i) the Planning Commission would like the Samaj to be helped in regard to finding the necessary accommodation but eventually the Samaj would have to have its own accommodation in Delhi. The Planning Minister had suggested allotment of 1 acre of land to the Samaj in Safdarjung Hospital area. (2) Mr. Nanda had suggested that the office accommodation and the occupation of the two community halls should not be disturbed. (3) The Minister for Planning agreed to the area occupied by the Samaj to be re-examined and any accommodation in excess could be surrendered by it. (4) The arrears of dues on account of these buildings would be paid forthwith and in future charges would be paid promptly every month. (5) Residential accommodation should not be withdrawn from the Samaj to which the Minister for Housing agreed. (6) the arrears of rent on account of residential accommodation was also to be paid without delay but as Mr. K. C. Reddy had agreed to make some reduction in the case of Mr. J. K. Khanna the reduction already allowed might not be withdrawn. This note was sent to the Minister for Planning.

16.118 On the 11th July, 1963 the concession of rent-free accommodation for the office

in Theatre Communication Building etc. and the two community halls was restored on the ground that the Bharat Sevak Samaj had been given by Government the position of being a limb of the Planning Commission. Although the letter to Mr. Nanda of the Minister of Works & Housing dated 12th February, 1963 shows that the matter had been discussed with the Minister for Finance, there is no indication on the file that the restoration of the concession of rent-free accommodation was with the approval of the Minister for Finance.

16.119 There is no indication that the reasonableness of the area occupied by the Samaj was ever examined by the Planning Minister as was agreed. The record produced, however, shows that the accommodation occupied by the Samaj in the Theatre Communication Building, at least a portion of it, had been transferred to others as follows:—

Room No.	Transferred to
86 with annexe	Pen Friends League.
27	.. Voters Parishad.
9-B	.. Bharat Nepal Yuvak Maitri Sangh.
24	.. (i) Indian Trade and Industry New Editors Combine. (ii) The Writers Cooperative. (iii) Society for the Promotion of Civic Sense in India. (iv) Jandharti Sangh.
9-C & 11	.. Nav Jeevan Sangh.
17	.. Radical weekly.
19	.. Lying vacant.

16.120 In his letter dated 23rd July, 1959 the Director of Estates had pointed out to the Samaj that inspection by his officers had shown that room No. 16 was not being used and was therefore not required by them and the Samaj was asked to say the circumstances under which that room had not been used. If no satisfactory reply was received within 10 days the allotment would be cancelled. There is no indication that this letter was replied to or any action was taken by the Director of Estates to carry out his threat.

### **The Samaj treated as a limb of the Planning Commission**

16.121 In the beginning when accommodation was allotted to the Samaj under orders of the Government, the rent was fixed at a nominal rate of rupee one for a period of one year and this concession was to be reviewed in the month of October every year. It was reviewed on one occasion and it was extended up to March 31, 1954. The order of the President has been marked Exh. 243 and alongwith the order there is a schedule showing 1157 sq. ft. as having been allotted to the Samaj in Travancore House Hutments No. 1, 15 and 16 and in the Theatre Communication Building, Room No. 27-A. The total areas of this was 1157 sq. ft.—see Exh. 243-A.

16.122 The second order was made by the Government of India on September 28, 1954 and by this for the purposes of allotment of Government accommodation the President decided that the Bharat Sevak Samaj should be treated as “a link of the Planning Commission ..... and as such no rent need be charged from the Samaj for any accommodation allotted by Government, but service charges shall be recovered from it”. The order was to take effect from April 1, 1964. This document has been marked as Exhibit 243-B. Both the documents marked Exhibits No. 243-A and 243-B are signed by the Under Secretaries to the Government of India in the Ministry of Works, Housing and Supply.

16.123 The history of the order of 1954 as disclosed by the record is this—

When Clerks' Club Building in Viney Nagar was allotted to the Bharat Sevak Samaj on March 27, 1954 Mr. Brij Krishan Chandiwala objected to the rent which was charged under F. R. 45-A at Rs. 104/-. Really it was Rs. 103-13-0. Mr. Chandiwala wrote to Mr. Gulzari Lal Nanda, Minister for Planning asking him to write to the Ministry of Works, Housing and Supply to charge only nominal rate for the building. On April 15, 1954 Mr. Chandiwala also wrote to Mr. Swaran Singh the Minister of Works, Housing and Supply with which he attached a letter which he had written to the Planning Minister. The Minister for Housing thereupon in a Minute dated April 17, 1954 asked that the position of the Samaj might be examined regarding the Clerks' Club Building.

16.124 This matter was then examined by the Housing Ministry and it was found that an order had been passed on March 27,

1954 that from semi-Government and public organisations entitled to Government accommodation rent would be charged under 45-A and, therefore, the Samaj was required to pay a rent of Rs. 103-13-0 per mensem. There is then noting by Mr. Sarma in which he refers to the orders passed under 45-A and it intended by showing that he could see no chance that the Ministry of Finance would agree to nominal rent and therefore the position might be explained to the Samaj. Thereafter there is noting by Mr. Ranganathan, Joint Secretary, in which he stated that he had talked with Mr. Ratnam of the Finance Ministry and felt that it was difficult to charge only nominal rent and the Audit would strongly object to it. The matter was mentioned to Mr. Tarlok Singh who was inclined to agree with the Finance Ministry and therefore it was better to charge rent as proposed and if necessary an overall grant might be given to the Samaj later.

16.125 Mr. Tarlok Singh then had a talk with Mr. G. L. Nanda the Minister for Planning, who wanted Mr. Ranganathan to discuss the matter with him. There is a note dated June 14, 1954 by Mr. Ranganathan in which it is stated that Mr. Ratnam and himself had a discussion with Mr. Gulzari Lal Nanda who wanted to distinguish the position of the Samaj from other in that the Samaj was a limb of the Planning Commission and “in terms of its constitution a report had to be made to the Planning Commission of its activities and its activities were even liable to be discussed in Parliament. It was according to him an essential implement created by the Planning Commission to popularise the plan in its wider aspects. From this view point it was agreed that the allotment to the Samaj could be made on the rent-free basis not even charging the nominal rent and allotment should really be deemed to have been made to the Planning Commission”. Then a reason is given for not making the allotment directly to the Planning Commission and it was, therefore, proposed to make the allotment to the Samaj on a rent-free basis treating it to be made to the Planning Commission. The order on this by Mr. Swaran Singh was—

“It will be for Shri Ratnam to consider if he wants to show it to Finance associated with the Planning Commission.”

This is dated June 15, 1954. There is then noting by Mr. Nair dated June 19, 1954

stating that he had no objection to treat the Bharat Sevak Samaj "as a link of the Planning Commission and accordingly made eligible for Government accommodation free of cost". This noting was evidently seen by Mr. Ratnam and Finance Branch attached to the Planning Commission was consulted. Orders were then issued in the matter and they have been given effect to. This is in short the history how on the intervention of Mr. Gulzari Lal Nanda the Bharat Sevak Samaj was treated as a limb of the Planning Commission. The use of the words 'link' seems to be a mistake for the word "limb".

16.126 When the Public Accounts Committee made certain adverse observations in regard to the treating of the Bharat Sevak Samaj as a limb of the Planning Commission in their 34th Report of the year 1964-65 the position was reversed and on May 25, 1965 an order was passed that the Samaj should be charged market rent for the entire Government accommodation occupied by it and to enable the Samaj to find alternative accommodation a written notice was to be served and market rent was to be recovered as from July 1, 1965. This order is signed by an Under Secretary to the Government of India and was forwarded to the Accountant General, Commerce, Works and Miscellaneous, New Delhi, to the Ministry of Finance (Estate), New Delhi and the Planning Commission, New Delhi.

16.127 This order for the purpose of identification has been marked Exhibit 243-C.

#### **Clerks' Club Building in Viney Nagar or Sarojini Nagar**

16.128 This building was constructed in August, 1953 as an amenity to the residents of that locality where they could have entertainments, games, reading room, library etc. Quite a number of associations requested for allotment of that building to them and they were advised by the Directorate of Estates to form one organisation which unfortunately did not succeed. It was then allotted for short periods to individual associations and others on payment of rent under F. R. 45-B.

16.129 When the Bharat Sevak Samaj applied for this building the Estate Office remarked that it could not be given to them as it was a recreational centre for the residents of Viney Nagar, and therefore recommended that the request of the Samaj be rejected.

Up to the Deputy Secretary's level this recommendation was accepted. But later on in February, 1954 the matter was discussed at a higher level and the Secretary suggested to the Minister for Works & Housing to allot the premises to the Samaj and it was so decided and the rent fixed was under 45-A and the rent of Rs. 104 was fixed although in some places it is written as Rs. 103-13-0. After paying one month's rent the Samaj took possession of the building in May, 1954. As has been discussed at another place the Planning Minister Mr. Gulzari Lal Nanda was asked to intervene on behalf of the Samaj for reduction of rent and after various steps referred to in this part of the report it was agreed to give this accommodation and not only this accommodation but the whole of the accommodation allotted to the Samaj on a rent-free basis. The reason has been stated elsewhere, which was that according to Mr. Gulzari Lal Nanda the Bharat Sevak Samaj was, in fact, a limb of the Planning Commission. The orders were finally passed on September 28, 1954 and they were to take retrospective effect from April 1, 1954. But the condition on which the allotment was made was that the Samaj was to pay all the service charges. Other conditions were—that the Samaj could not make any additions or alterations in the building, it was to be used for the purpose for which it was allotted, the Government had the right to temporarily allot the said premises to an existing association in Viney Nagar.

16.130 Contrary to the conditions above the Bharat Sevak Samaj had been allotting the above building for use by other associations without the permission of the Government and charged them Rs. 12 every time.

16.131 Two applications were made to the Government for temporary use of this building—one by the Yuvak Mandal, Viney Nagar and the other by Delhi Pradesh Sahitya Sammelan. When the Samaj was asked to let the Yuvak Mandal use it, they wrote back to the Directorate of Estates that allotment by the Directorate of Estates would create complications and the matter of allotment should be left to them and although the Director of Estates wrote to the Samaj asking them to make the accommodation available the Samaj did not do so in the case of Yuvak Mandal, which was a breach of the condition of allotment.

16.132 As to the charging of rent of Rs. 12 per day from other associations, the Director



of Estates was of the opinion that it was excessive, since electricity, water etc. for which the Samaj was authorised to collect came to much less. Again the Samaj did not accept this position for charging a lesser amount and the Director of Estates, therefore, held in April, 1959 that the Samaj had infringed the conditions of allotment.

16.133 When the matter was reported to the Minister it was decided that instead of the Government making allotment the Bharat Sevak Samaj should do the same, and might charge a sum of Rs. 10 for proportionate service charges for the use of the hall on each occasion.

16.134 The Samaj added some additional building in the open space attached to the Club and it was not with the approval of the C.P.W.D. as required under the conditions of allotment.

16.135 The arrears of rent due from the Samaj for the period from July 1, 1965 to January 11, 1972 is Rs. 58,342 and if the rent had been charged for the period for which it was rent-free i.e. from May 10, 1954 to June 30, 1965 the amount would have been Rs. 99,005. This, therefore, was a hidden subsidy to the Samaj. The record does not show whether or not the Government has taken any steps for recovery of arrears of rent amounting to Rs. 58,342.

**The use of the Clerk's Club Building for purposes other than for which it was intended**

16.136 The building had been constructed by Government for providing a recreational centre for the residents of the colony but the purpose for which the building was to be used by the Samaj was not specified in the terms of allotment. In its application the Samaj had asked for permission to use this building for starting a Community Centre but the Samaj used the building for the following purposes:—

Bal Mandal, Women Welfare and Craft Centre, Cooperative Store, Plan Information Centre, Allopathic and Homoeopathic Dispensary.

16.137 It is doubtful if this is in conformity with the user which was mentioned in the letter of the Samaj that is for starting a Community Centre and it certainly does not conform to the purpose for which the building was constructed i.e. for providing a recreational centre for the residents of the area or for community congregations and gatherings.

**Rent collected by the Bharat Sevak Samaj for the rent-free Clerks' Club Building**

16.138 Although the building was rent-free, the Samaj was collecting rent from the Nursery School, Women Welfare & Craft Centre and Cooperative Store in the form of building maintenance charges and up to June 30, 1965 it collected a sum of Rs. 26,400. During the year 1965-66 the collections were Rs. 3,677 and collections of proportionate rent for 3 months—April, 1965 to June, 1965, would work out to Rs. 919 thus up to June 30, 1965 the amount collected by the Samaj would be Rs. 27,319.

16.139 Besides this, upto June 30, 1965 the Samaj collected a sum of Rs. 1,058 as hall charges on account of charges for a temporary use by other associations and persons in the locality.

16.140 The accounts of the District Bharat Sevak Samaj, Viney Nagar and other institutions located in the building show that the water and electricity charges were being debited to the accounts of the Nursery School and Women's Welfare and Craft Centre. The statements of rent received by the Samaj for use of the building and of amounts of rent and water and electricity rates debited to various units functioning in the Club Building are attached hereto as Table 16-G and Table 16-H. Table 16-G shows the amounts recovered for hall charges up to the end of 1968-69 and Table 16-H shows the amounts debited for water and electricity etc. to the various units and also the grants received for those units from the Social Welfare Board and the New Delhi Municipal Committee.

16.141 This would show that the charges made by the Samaj as hire charges for the hall from other associations or persons were a source of income to it because the expenditure of electricity and water was coming from another source.

16.142 Besides this, the Bharat Sevak Samaj was collecting contributions to the Building Fund from the students of the Nursery School and the accounts show that upto March 31, 1964 the amount collected was Rs. 18,007 which was transferred to the General Fund of the School in that year. During the years 1964-65 and 1965-66 the amounts accumulated were Rs. 27,775. The accounts for the year 1966-67 are not available but some enquiries were made by the staff of the Commission which show that at the close of 1966-67



the Building Fund amounted to Rs. 36,025.50 and that was transferred to the General Fund and out of this fund the Samaj constructed seven pucca rooms and a verandah in the premises which were allotted to the Samaj by the Estates Office. There is nothing to show on the record that this was done with the permission of the Central Public Works Department. It will only be fair to add that the cost of the construction of the building was Rs. 36,229.93 in the year 1966-67. The amount collected by the Samaj was Rs. 18,007 and Rs. 36,025.50 making a total of Rs. 54,032.50.

#### **Community Centre in the Medical Enclave Colony, Kidwai Nagar**

16.143 In September, 1957 the Ministry of Works & Housing sanctioned the construction of a community centre in the North Medical Enclave. In August, 1958 when the building was near completion, Mr. Radha Raman, M.P., wrote to Mr. K. C. Reddy, the then Minister for Works, Housing & Supplies requesting that the building be allotted to the Samaj. One of the grounds given was that similar building in Viney Nagar had been allotted to the Samaj. This was recommended by the Directorate of Estates and the Minister ordered its allotment to the Samaj and it was allotted on November 21, 1958. The terms and conditions of allotment were that it was rent-free; the allotment was purely temporary and Government reserved the right to terminate it by giving one month's notice; no alterations were to be carried out in the building without the approval of the Central Public Works Department; the building was to be used for the purpose for which it was allotted and was not to be used by any other person for any other purpose whatsoever without the previous permission of the Government; the Government reserved the right of temporarily allotting the said building to the existing associations in Kidwai Nagar on giving seven days' notice to the Samaj to that effect; service charges from the associations taking the building were to be on a proportionate basis to be paid directly to the Samaj. These conditions were accepted and the building was taken possession of by the Samaj in November, 1958.

16.144 Mr. R. P. Kaushik, Under Secretary of the Lower House of Parliament Secretariat was the President of the Kidwai Nagar Residents' Association. He made a representation to the Ministry giving the difficulties experienced by them on account of non-availability

of the Community Centre for their use and also that the Centre was under the management of certain persons nominated by the Samaj and there were no representatives of the residents. He pointed out that this was against the purposes for which the community hall had been constructed and also that there were two recognised associations of the residents who were carrying out social, cultural and recreational programmes in the interest of the residents with their co-operation and for the purpose of conducting functions, it was necessary that the association should have full and free use of the community hall. There was also a complaint that the hall was under the control of the nominees of the Samaj who had made arbitrary rules for its user and that the equipment was acquired out of the funds collected from the residents of the locality; that the Samaj was letting out the hall as well as equipment to other organisations on disproportionately high rents. He suggested therefore that the hall and the equipment should be controlled by a representative committee of the residents and the right of user should be administered by those representatives.

16.145 Complaints about the misuse of the hall also appeared in the press, including the Blitz, dated July 9, 1960. The complaint was almost similar to the one of Mr. Kaushik with the addition that the local unit of the Samaj had created an atmosphere of ill-will and disunity amongst the residents and were making money by the user of the hall and were charging heavy fees for use by other residents and that the Samaj had earned as much as Rs. 11,000/- in a year by letting out the hall to other associations. There was an editorial note in the Hindustan Times Evening News of June 1, 1960 which purported to say the same thing.

16.146 Besides this, there was a letter published in the Evening News of the same date regarding the misuse of the Hall.

16.147 After these press reports came to the notice of the Ministry the matter was brought to the notice of the Minister for Works and Housing, Mr. K. C. Reddy and he asked for a report and then ordered the Assistant Director to make an investigation. He submitted his report on August 11, 1960 which was adverse to the Samaj. He interviewed Mr. Kaushik, Mr. S. C. Prashad and Mr. M. P. Srivastava who were all office-bearers of the residents' association and their main

suggestions were that the hall should be controlled by a representative committee of the residents' association of the locality and not by the Samaj and the use of the hall should be administered by that committee under rules and regulations laid down by Government. They further said that they would be satisfied if the allotment was made by the Director of Estates. The report ends by formulating the points for decision which were as follows:—

- “1. Whether the control of the Hall in Kidwai Nagar should be allowed to vest with the Bharat Sevak Samaj or it should be allotted to a recognised Association by the Welfare Directorate, Ministry of Home Affairs of the residents of Kidwai Nagar—I understand that the two associations of the residents of Kidwai Nagar, referred to above have been recognised by the Ministry of Home Affairs (Welfare Directorate) and that they are receiving annual grant from them.
2. If the control of the Community Hall is allowed to vest in the Bharat Sevak Samaj or in the event of it being decided that it should be run by the recognised Association of the residents of Kidwai Nagar, the question would arise whether the hall could be let out by them to other associations/organisations and, if so,—on payment of what quantum of rent and on what terms and conditions—whether in such cases the association who is allotted this Hall should obtain prior permission in writing before letting out the Hall to other associations/bodies.
3. Whether the allotment of the hall to the various associations/organisations for conducting their functions etc. should not be done by this Directorate on payment of such charges as may be prescribed.”

16.148 He suggested therefore that the matter may be decided between the representatives of the Ministry of Works, Housing & Supply, Ministry of Home Affairs (Welfare Directorate), President of the D-II Class Flats, Kidwai Nagar, President of the Kidwai Nagar Residents' Association and representative of the Bharat Sevak Samaj.

16.149 Instead of taking action on this report, the Director of Estates, Mr. C. Balasubramaniam, for reasons not apparent from the

record had a talk with Mr. H. K. D. Tandon, Private Secretary to the Minister of Planning and he submitted to the Minister a report, the gist of which was that Mr. Tandon had investigated under the orders of the Minister of Planning and the Minister was satisfied that the Samaj was doing good work and the Hall was being kept neat and tidy and was being allowed to be used by the residents and organisations on payment of nominal rent which was used for the maintenance of the building and that he had asked Mr. Tandon to send a copy of the report of his investigation. Under what authority Mr. Tandon would make an enquiry is not apparent or discernible.

16.150 Before this detailed report was asked for from Mr. Tandon, he wrote a letter to the Director of Estates dated July 25, 1960 in which he indicated that the responsibilities for the maintenance of the hall was of the Samaj and that included payment of electricity charges, chowkidar's wages and charges for other repairs and the Samaj was only collecting a nominal rent of Rs. 10/- to enable them to make the expenditure which would have to be charged by any association who was to be incharge of the hall and that the Samaj was making no profit out of that. Further Mr. Tandon indicated that the total collection for the hall was Rs. 5,000/- during the period of 15 months and the Samaj had incurred, on an average, an expenditure of Rs. 100/- per mensem. This letter ended by saying—

“the Planning and Labour Minister considers that an organisation so much devoted to welfare of low paid Government employees should receive active encouragement. He wants him to bring all these facts to your notice.”

The detailed report asked for by the Director of Estates by his letter of August 22, 1960 does not appear to have been sent by Mr. Tandon. At least, there is no indication about it in the files submitted before this Commission. But this procedure shows one thing that a parallel enquiry was conducted by the Planning Commission through Mr. Tandon and whatever was done under the orders of the Minister in charge of Estates was countermanded.

16.151 Mr. Shyam Chandra Prasad who is a Hindi Officer in the Directorate of Inspection, Ministry of Finance, appeared as a witness before this Commission. He stated that

they did not raise any objection when the community hall was allotted to the Samaj because they were under the impression that it was a social body which carried on social activities and was managed by responsible persons. When in March, 1959 a request was made by the Residents' Association to the Samaj to give them a room or two where they could store all their materials and also have their office, the Samaj refused. In June, 1959 a complaint was made by his association that they were not being allowed to use the community hall and every time they wanted to use the hall, fee was charged from them. They also complained to the Government; they obtained a large number of signatures on an application for getting the hall for themselves and it was sent to the Ministry of Works and Housing. Thereafter an enquiry was made by an officer, probably Mr. A. N. Malhotra, and the matter was fully explained to him. Some original receipts were placed before him showing the amounts received by the Samaj as rent from the various persons and Mr. Prasad has filed all those receipts before this Commission. They are marked Exhibit 78/1 to 78/22. These receipts show that sums charged for electricity and water varied from Rs. 5/- to Rs. 40/- and his complaint was that there was no uniform rate for the user and he also complained that because of interference by higher authorities, report made by Mr. A. N. Malhotra was shelved.

16.152 Continuing his evidence, he stated that an Action Committee was formed in September, 1960 and a representation signed by a thousand people was sent to the Ministry and similar letters were sent to the Finance Minister, Home Minister and others. He asked the Commission to get the files from the Finance Ministry where some notes and minutes had been recorded on their representation. Unfortunately the Commission has not been able to get them. Their representations were, however unsuccessful.

16.153 Later on according to this statement, the Government acceded to the demand of the residents and another hall for their use was built which must have cost a considerable amount of money, much more than on the hall allotted to the Samaj. He also produced before this Commission some printed hand-bills showing the activities which were undertaken by the Samaj, which have been marked Exhibit 81/1 to 81/7. These hand-bills show that the Samaj was holding music

and dancing competitions under auspices of the Kidwai Nagar Recreation Club; Chitra Kala Kendra for which they charged Re. 1/- per mensem; Women's Arts and Craft Centre for which the monthly fee was Rs. 3/- and Rs. 5/-. They had free coaching classes for children; short-hand classes but they were charging Rs. 3/- per mensem. Besides this, there was a provision for indoor games, Table Tennis, the annual fee for which was sum of 50 Paise. For the film shows the charge was 25 Paise. Besides these activities, the Samaj had started a Nursery School in which they charged Rs. 5/- per student in addition to Rs. 2/- as admission fee. Parents whose income was more than Rs. 500/- per mensem were to pay Rs. 10/- per child. A reading room and library; work-centre for women for which an enrolment fee was charged from each trainee. There were cultural and sports activities also.

16.154 It was really this gentleman who had written to the Blitz on the basis of which the inquiry started.

16.155 Although the file in which these notings by the Finance Ministry were made, has not been produced, there is a draft note in a file in which it is said that the Finance Minister, after going through the papers connected with the complaint, said in November, 1960 that these halls should not have been given to the Samaj and that the Samaj had been using it for getting revenues. He further suggested that the halls should be managed by the Director of Estates. Unfortunately the file in which the Finance Minister's minutes are contained has not been produced before this Commission.

#### **Use of the Community Hall at Kidwai Nagar by organisations other than the Bharat Sevak Samaj**

16.156 The order allotting Community Hall to the Bharat Sevak Samaj dated November 21, 1958 had a condition that the building was to be used only for the purposes for which it was allotted. Under the allotment order the Samaj was not permitted to allow the use of the building or part thereof by any other person or for any other purpose whatsoever without the previous permission in writing of the Government.

16.157 Evidence produced shows that the Community Hall at Kidwai Nagar, allotted to the Bharat Sevak Samaj, was used by some

other registered societies with which Mr. S. P. Govil, the District Convenor of the Bharat Sevak Samaj up to 1970, was connected.

16.158 The evidence of Mr. S. P. Govil was that another institution *sub-nomine* (Bal Vikas Samiti) was registered in the year 1965 with himself as its Vice-President and that the management of the Bal Shiksha Kendra which was being run by the Bharat Sevak Samaj Kidwai Nagar was transferred to the Bal Vikas Samiti in early 1968.

16.159 A letter dated February 10, 1973 from Mr. S. P. Govil to the Department of Personnel of the Government of India which was in reply to the Department's letter dated February 8, 1973 shows that apart from the Bal Vikas Samiti some other organisations were also using the Community Hall. The Nehru Bal Samiti (registered) was running a reading room and a children's library; the Bal Kendra was running recreational activities and the South Delhi Welfare Society (registered) was running a Women's Arts and Crafts Centre in the Community Hall. In fact Mr. S. P. Govil has claimed his right to continue to coordinate the booking arrangements of the Community Hall after the transfer of the control of Hall to the Department of Personnel.

16.160 Mr. Brij Krishan Chandiwalla, the Chairman of the Delhi Pradesh Bharat Sevak Samaj, in his evidence before the Commission has stated that the actual possession of the Community Hall was with Mr. S. P. Govil or with the Bal Vikas Samiti, and the Hall was not in the possession of the Samaj but the Samaj was getting bills for payment of rent from the Estate Office. This shows how Government servants get possession of Government premises and how they use them and the Director of Estates is helpless.

16.161 The evidence of Mr. Govil also shows that he had informed the Delhi Pradesh Bharat Sevak Samaj by a letter dated September 6, 1967 of the transfer of the management of the Bharat Sevak Samaj Bal Shiksha Kendra from the year 1967-68 and it appears that this transfer was made because "the attitude of the Government had been somewhat anti-Bharat Sevak Samaj for the past some time". The Bharat Sevak Samaj did not inform the Estate Office of the use of the building by other organisations or persons even though they themselves were aware of the position as early as 1967. Thus it appears that with the knowledge of the Bharat Sevak

Samaj, the Community Hall at Kidwai Nagar went into the possession of other organisations like the Bal Vikas Samiti and the Nehru Bal Samiti. It is rather strange that the Estate Office should not have noticed this in spite of their inspection machinery.

16.162 In reply to an Unstarred Question (No. 1407) in the Upper House of Parliament the Minister for Works stated on August 27, 1968 that proceedings under the Public Premises (Eviction of Unauthorised Occupation) Act, 1958 had been started against the Bharat Sevak Samaj in regard to the Community Hall in Kidwai Nagar. The evidence before this Commission shows that the building has still not been vacated and as stated earlier the building has passed into the possession of some other organisations. The evidence of the Additional Director of Estates is that from July 1965 they had fixed the rent of the Hall at Rs. 2,086 per mensem. Nothing has been paid so far by the Bharat Sevak Samaj. Up to January 31, 1972 the amount of rent due was Rs. 1,64,794.00. If the government had charged this amount of rent from the Samaj from November 28, 1958 up to June 30, 1965, the amount of rent would have been Rs. 1,65,003 and that would be an indirect subsidy to the Bharat Sevak Samaj.

#### Accounts of the Bharat Sevak Samaj, Kidwai Nagar

16.163 The Bharat Sevak Samaj was asked by this Commission to produce the accounts and Books of accounts of the Kidwai Nagar Unit which was using the Community Hall at Kidwai Nagar. The present District Chairman Mr. K. C. Singhal wrote to this Commission that there was no trace of the old records and he had taken over only some time in 1970. Mr. S. P. Govil who was the District Chairman of Kidwai Nagar up to 1970 in his evidence before this Commission stated that the record should be with the Bharat Sevak Samaj but he was not able to produce any proof to show that the records were actually handed over. Mr. Singhal has also produced letters written to the Delhi Pradesh Bharat Sevak Samaj wherein he had mentioned that S. P. Govil had handed over a sum of Rs. 144.73 in September 1970 and the Cash Book for the financial year 1970-71 commencing from April 1, 1970 only. No other records were handed over to him.

16.164 It is rather surprising that a responsible office bearer of the Bharat Sevak Samaj

like Mr. S. P. Govil should have withheld the accounts of the Bharat Sevak Samaj Kidwai Nagar which was allotted the Community Hall and about the use of which there were complaints in public. It is all the more surprising that Mr. Govil should have taken this non-cooperative attitude even though he is a responsible Government official and claims to be in possession of Government premises which had been allotted to an other organisation, the Bharat Sevak Samaj, of which he was a leader. It is neither a credit to Mr. S. P. Govil, nor to the Samaj and still less to the Estate office.

16.165 The Commission has not been able to verify the complaints about the misuse of the building in the absence of the books of account and other relevant records. It has, however, been able to get produced the audited accounts of the Bharat Sevak Samaj, Kidwai Nagar, for some period. These accounts are—(i) the Receipt and Payment accounts of the Bharat Sevak Samaj Kidwai Nagar for the years 1959-60 to 1968-69; and (ii) the Balance Sheets for the years ending 31st March, 1960, 31st March 1961, 31st March, 1962, 31st March, 1963 and 31st March, 1964. But no Balance Sheets have been produced after 31st March, 1964.

16.166 These accounts show that upto the year 1963-64 the accounts of the nursery school which was called the Bal Shiksha Kendra was included in the Receipt and Payment accounts of the Bharat Sevak Samaj, Kidwai Nagar, but thereafter i.e. from 1964-65 separate accounts were prepared for the Bal Shiksha Kendra and they have been produced for the years 1964-65 to 1966-67. But the accounts of the nursery school thereafter have not been produced.

16.167 The accounts produced show that the Bharat Sevak Samaj was receiving grants from the Delhi State Social Welfare Advisory Board for the nursery classes upto the year 1966-67 and the total grants paid were Rs. 16,272. The New Delhi Municipality also gave grants for this activity for some years and the total grant paid amounted to Rs. 6,500. These accounts also show that fees were collected from the Balwadi students and from the beneficiaries of the Women's Arts and Craft classes and other activities. Further, the Samaj collected amounts varying from Rs. 5 to 40 from various persons and bodies for use of the Community Hall for cultural

and other purposes. The Bharat Sevak Samaj had also allotted a portion of the building to the South Delhi Bharat Sevak Samaj Consumers Cooperative Store and from 1962-63 to 1969-70, they had collected Rs. 4,876.99 from the Store on account of rent and service charges. The collections under various categories shown in the accounts are as follows:—

	Rs.
(1) Grants recieved from the Delhi State Social Welfare Advisory Board and the New Delhi Municipal Committee .. ..	22,772.00
(2) Fees collected from the Balwadis (No accounts have been produced of the Balwadis after 1966-67). .. ..	1,12,715.24
(3) Fees collected from the Women's Arts & Craft Classes .. ..	9,499.00
(4) Amounts collected from occupants of the Hall, and other miscellaneous receipts .. ..	41,962.31
(5) Total expenditure from the accounts .. ..	1,94,138.61

The detailed accounts of these are given in Table 16-I, annexed.

16.168 The Balance Sheet up to the year 1963-64 shows that surpluses of receipts over expenditure amounted to Rs. 9,163.12. This was after meeting the expenses of the organisation at Kidwai Nagar. What the surpluses, if any, during the other years were and what was done with them is not known as Balance Sheets for those years have not been prepared and at least one have been produced before this Commission. From the statement of Mr. K. C. Singhal it appears that only an amount of Rs. 144.73 was handed over by Mr. S. P. Govil to Mr. Singhal in September 1970 when Mr. Govil relinquished charge of the post of the District Convenor. What happened to the balance of the surplus, if any, is not known as Mr. Govil has chosen to withhold all records from this Commission.

16.169 Thus it appears that the Community Hall at Kidwai Nagar which was allotted to the Bharat Sevak Samaj for social welfare activities was let out by the Bharat Sevak Samaj on hire to others at varying hire charges and the Samaj not only maintained their organisation at Kidwai Nagar from out of these collections made from the users, it also made some

profits the accounts of which the Samaj has not produced before the Commission. The books of accounts which alone would have shown whether all the receipts were duly accounted for or not have not been produced.

16.170 The Bharat Sevak Samaj in their evidence have stated that the Samaj did not actually charge any rent but they were only collecting water and electricity charges and other expenses which they were incurring for the amenities they provided to the users of the Community Hall. The accounts, however, show that the expenditure of electricity and water charges and the repairs and maintenance of the building were charged against the Nursery School or the homoeopathic dispensary and these 2 institutions were receiving grants from the Delhi State Social Welfare Advisory Board and the New Delhi Municipal Committee. Only in the year 1959-60 the service and electricity charges amounting to Rs. 281.66 were debited to the Accounts of the General Bharat Sevak Samaj. Therefore the claim of the Samaj that they were only recovering electricity and water consumption charges is not supported by Accounts. Table 16-J shows the amount of electricity and service charges and maintenance charges debited to the different accounts.

#### **Expenditure on equipments, furniture and other assets**

16.171 The audited accounts of the Bharat Sevak Samaj and the Bal Shiksha Kendra produced before this Commission show the following expenditure on the purchase of furniture equipments and other assets:—

Year	For BSS	For Bal Kendra	For Women's Welfare Centre
1959-60	.. 1,202.29	—	807.46
1960-61	.. 1,390.88	3,159.63	1,144.47
1961-62	.. —	463.26	—
1962-63	.. 246.30	1,526.40	—
1963-64	.. 996.34	2,310.21	336.00
1964-65	.. 801.09	2,301.24	—
1965-66	.. 832.95	2,324.48	—

Year	For B.S.S.	For Bal Kendra	For Women's Welfare Centre
1966-67	.. 1,158.32	1,591.37	—
1967-68	.. 1,260.86	Accounts not furnished	—
1968-69	.. 464.55	—do.—	—
	8,353.58	13,676.59	2,287.93

16.172 The evidence of Mr. K. C. Singhal before this Commission is that this equipment and furniture were not handed over to the Bharat Sevak Samaj by Mr. S. P. Govil. Thus it appears that the assets acquired out of the funds raised by the Bharat Sevak Samaj from the use of the building remained with Mr. S. P. Govil even after he ceased to be the District Convenor of the Bharat Sevak Samaj in 1970.

#### **Building Fund of the Bal Shiksha Kendra**

16.173 The Accounts of the Bharat Sevak Samaj Kidwai Nagar and the Bal Shiksha Kendra show that the following amounts were collected from the students towards the school building Fund and some expenditure was also incurred out of it. The Receipt and Payment as shown in the different years on account of the Building Funds were as follows:—

Year	Receipts	Expenditure
1964-65	.. .. 2,297.00	—
1965-66	.. .. 3,148.93	1,486.25
1966-67	.. .. 815.53	5,009.37
1967-68	.. .. 482.00	—
1968-69	.. .. 620.00	586.16
	7,363.46	7,081.78

16.174 It appears that there were complaints about the use of the Building Fund

and a committee was appointed by the General Body of the Teacher-Parent Association of the Nursery School to enquire into it. The report of the Committee showed the following state of Receipts and Expenditure on account of the Building Fund for the 5 months from April to August, 1966:—

	Rs.	Rs.
"Balance as on 31-3-66 (as per statement audited by Chartered Accountant)		
Balance	2,800.00	
Collected in 1965-66	830.00	
Interest on the above amount	33.00	3,723.00*
Collected up to 2nd Jul 1966 (Receipts Nos. 3401 to 3446)	445.00†	
Collected during August, 1966	145.00	1,590.00
Total Receipts up to August 1966		4,313.00
Expenditure as per entries in the Cash Book supported with the vouchers up to August, 1966		3,424.00
Balance		889.00

\*Counterfoil of the receipts regarding this amount was not made available. However, an audited Statement of Chartered Accountant was produced and under the circumstances, it was to be accepted as correct.

† Although this amount was collected in August, 1966, the same was not taken in Cash Book as on 16th September, 1966. We were told that this amount was with the Headmistress. This does not suggest proper accounting of the money collected, at the proper time.

"It was revealed from the statement that still there is an unspent balance of Rs. 889.00. Out of this, as reported by Mr. Govil, there is an outstanding liability of about Rs. 45.00 towards the purchases already made. Hence there is net amount of Rs. 844.00 available for expenditure on this account."

"We regret, while recording our following few observations regarding the Maintenance of Building Fund—

"1. No account in the form of Building Fund has been maintained till now. Only one cash book for recording all entries relating to various accounts, is being maintained in which it was found that there were entries on only 4 pages and these four pages gave an impression that these have been written only recently. In this regard, it has been agreed to by Shri Govil that a separate cash book for Building Funds will be maintained in future. We would also like to propose that in this Cash Book full account of the monthly contribution on account of T/P Association may also be kept which should be subject to monthly checking by some member of the Association.

"2. In the pass-book of Building Fund Account opened in Punjab National Bank, the amount was Rs. 2,893.93 instead of Rs. 3,723.00 in July, 1966. For this Shri Govil had pointed out that due to some operational difficulties they had to use this fund for other purposes. This practice, it is felt, should be discouraged to the extent possible.

"3. Counterfoils of the receipt books regarding the collections of earlier years, viz. before July, 1966 which should have been produced for checking, were not made available and to that extent verification of Rs. 3,723/- collected up to 31-3-1966 could not be done from the original records. On 16th, the day when account was checked, Mr. Govil promised that he would show these counter-foils later, but in spite of 3 to 4 personal visits to the treasurer, Shri Raj Banshi, these were not shown"

16.175 Unfortunately Mr. Govil has chosen not to produce the books of accounts and other records and, therefore, this Commission is not able to verify whether the remarks by the Committee of the Teacher-Parent Association were justified or not. The Commission has also not been able to verify whether the receipts for the other periods were also duly



accounted for, nor is it able to ascertain as to how they were used. The Commission would only like to reiterate that Mr. Govil by withholding the books of accounts has only made matters worse as the production of the records would have enabled the Commission to find out the truth of the allegations made against him.

16.176 In the order allotting the building there was a condition that no additions were to be made without the specific permission of the Ministry of Works and Housing. When Mr. S. P. Govil was asked by this Commission whether he obtained any prior permission, he produced a copy of a letter dated April 21, 1965 from the Ministry of Works and Housing wherein it has been stated that the Government would have no objection to additional accommodation being constructed by the Bharat Sevak Samaj at their own cost but the construction plan for the same should be got approved by the Chief Architect of the Central Public Works Department. There is no evidence before this Commission to show that the additions made in the Community Hall in Kidwai Nagar were got approved by the Chief Architect by Mr. S. P. Govil. This is rather strange that additions should have been made to Government buildings without proper authority by using funds raised from the school which was housed in the main building itself. It appears that the Bharat Sevak Samaj has contributed nothing of its own towards the construction of the additions.

16.177 The Commission has to remark here that Mr. S. P. Govil avoided appearing before the Commission and all kinds of excuses were given for his inability to appear. Ultimately he had to be summoned through his boss, the Director of India Investment Centre, a Government of India sponsored body.

#### **Accommodation in U.S.A. Pavilion in the Exhibition Grounds**

16.178 The affidavit of the Director of Estates dated January 3, 1970 shows that 2,298 sq. ft. in the U.S.A. Pavilion in the Exhibition Ground were allotted to the Samaj as from October 1, 1963 at the rate of Rs. 50 per hundred square feet which was the market rent. This accommodation was vacated by the Samaj on September 30, 1965. Although the file relating to the allotment of these premises has not been produced, the record produced by the Estate Officer shows that these

premises were specifically allotted for the Construction Unit of the Samaj, which was a commercial venture, and it was therefore decided to recover rent at the ordinary market rate of Rs. 50 per hundred square feet although for the office accommodation given to the Central Bharat Sevak Samaj, no rent was recovered. The record of the Estates Office does not show the circumstances under which this decision was taken.

16.179 Besides this, the Inspection Report of the Accountant General, Commerce, Works & Miscellaneous, New Delhi, dealing with the accounts of the Deputy Director (Rent), shows that the Ministry of Housing had decided that the Samaj was a limb of the Planning Commission for purposes of allotment of Government accommodation and therefore no rent was to be charged and subsequently the Samaj started Construction Service and took some contracts from the Central Public Works Department and therefore Government decided that the rent at market rate should be charged because it was a commercial venture. This is shown by the order of the Minister of Housing dated September 23, 1963. The Accountant General also pointed out that the Director of Estates had charged rent only for the accommodation allotted in September 1963 in the American Pavillion but the Samaj had started taking contracts since August 21, 1959 when it took the first Contract of the work of strengthening and raising of a Bandh. So, the rent should have been recovered from the Samaj at the rate of Rs. 50 per hundred sq. ft. i.e. the market rate, for 59,725 sq. ft. of accommodation occupied by the Samaj as from March 21, 1959. The arrears of rent would work out to Rs. 1.64 lakhs upto October 20, 1963 which was immediately recoverable. Thereafter the rent was recoverable in advance.

16.180 In reply to this criticism, the Director of Estates on March 9, 1964 stated that the Samaj was occupying 7,499 sq. ft. in the Theatre Communication Building and not 59,725 sq. ft. and that the accommodation had been allotted to the Samaj and not to its construction Unit and in accordance with the orders of the Minister of Housing, the Samaj had been treated as a limb of the Planning Commission and only service charges were recovered but the accommodation was rent-free. What action was taken by the Acctt. General, the files do not show but it would be relevant to point out that the Const. Wing of the BSS was functioning from the Theatre Communication Building. An inspection of the Janpath



Barracks 'A' allotted to the Samaj for the occupation of Therapy Institute, by the officials of the Directorate of Estate on March, 28, 1963 also showed that the work of the Const. Unit of the Samaj was being done in those Barracks.

16.181. Further, the records of the Occupational Therapy Institute and the Delhi Pradesh BSS show that there were barracks on plots 9, 10, and 10-A on Rouse Avenue which were allotted to the Delhi Bharat Sevak Samaj for their office building and for the building of the Occupational Therapy Institute. A portion of this accommodation was being used as a godown for the Central Bharat Sevak Samaj Construction Service but no rent was actually recovered from or paid by the Central Construction Service although entries were made in the books of the Delhi Samaj relating to rent recoverable from the Central Samaj but these entries were subsequently reversed.

16.182 The Central Construction Service of the Bharat Sevak Samaj had works of Rs. 4.2 crores in Delhi and New Delhi. Besides, there were other works which had been taken up by the Samaj and were being directly supervised from Delhi. But the records produced by the Director of Estates do not show how much space was occupied by the Construction Unit of the Samaj in the buildings allotted to the Samaj from time to time. But considering the amount of work which the Samaj was doing under its Construction Wing, the space occupied by the Construction Unit must have been considerable but no rent was realised by the Government of India from the Samaj which to that extent would be subsidy by the Government of India to the Construction Wing of the Samaj.

#### A-Barracks Janpath

16.183 The Affidavit of the Director of Estates shows that in Janpath Barracks-A. accommodation measuring 5.229 sq. ft. was allotted to the Samaj from July 11, 1955 and it remained with the Samaj upto July 9, 1965. It was rent-free upto June 30, 1965 and thereafter the market rent was charged @ Rs. 50 per hundred square feet per mensem. This accommodation, according to documents filed by Mr. Brij Krishan Chandiwala, Chairman, Delhi Pradesh Samaj, show that the allotment was for the Occupational Therapy Institute. (See their letters dated July 4, 16 and September 2—all of 1955).

16.184 On March 6, 1963 the Director of Estates wrote to the Convenor, Delhi Pradesh Samaj that in spite of the Occupational Therapy Institute having shifted to their own premises, the premises in A-Barracks had not been surrendered to the Directorate. The allotment was, therefore, cancelled and the Samaj was asked to hand over vacant possession to Government.

16.185 On March 7, 1963, Mrs. Savitri Nigam, who had become the Secretary of the Occupational Therapy Institute, wrote to the Minister for Works and Housing that although the Institute had shifted to its own premises at Rouse Avenue, that accommodation was insufficient and two rooms in the Barracks were still in their possession as Draftsmen Training Courses were in A-Barracks and the accommodation was too little for the Medical Board meetings which were held from time to time and, therefore, she requested for cancelling of the order of vacating.

16.186 On March 28, 1963 an inspection was made by the official of the Directorate of Estates which found that some carpenters were doing work for Bharat Sevak Samaj Construction Unit and the Draftsmen's course was conducted in the evening from 6 P. M. to 9 P. M. and in the day time the hall remained vacant. The Minister ordered the matter to be discussed with Mr. Brij Krishan Chandiwala and as a result of those discussions, the Samaj was allowed to continue in occupation until the end of December 1963 and the rent chargeable was the market rent as from July 1, 1963 (See the letter of the Estate Officer dated June 27, 1963). Mr. Chandiwala had given certain documents to the Director of Estates at the time of discussions that accommodation in Janpath Barracks during the day would be needed for the following activities:—

- (a) Office of the Bharat Sevak Samaj Construction Unit alongwith that of its engineering staff and also that of its cashier and clerks.
- (b) Bharat Sevak Samaj Technical Training Institute, Workshop.
- (c) Students of the Bharat Sevak Samaj Technical work in the workshop.
- (d) Building Trade Classes for the Khanpur workshop which was given to the Bharat Sevak Samaj.
- (e) The Architectural Draftsmen Training.

16.187 He also mentioned the evening activities which were the mechanical draftsmanship classes. He further said that these students attending the classes were employed during the day and after qualifying they got better employment and this Institute was affiliated with the Ministry of Labour of the Government of India.

16.188 As a result of discussion on March 13, 1963 between the Ministers of Works & Housing and of Planning, the accommodation in the possession of the Samaj was made rent-free, so that the accommodation in Janpath Barracks-A was also rent free upto December 31, 1963 as shown by the letter of the Estate Office dated September 27, 1963. The Service charges which were to be paid by the Samaj were however not paid and the arrears upto October 31, 1963 amounted to Rs. 27,202.14. Evidence of Mr. Sarma, the Additional Director of Estates, shows that this sum was partly paid in cash and was partly adjusted against grants.

16.189 In November 1963 the Central Public Works Department declared the Janpath Barracks A and B to be in an unsound condition and suggested their demolition after getting them vacated but in the first instance, B-Barracks were to be demolished. The Director therefore suggested that the Samaj might be allowed to continue in A-Barracks but the question of vacation of the accommodation was to be pursued and the Samaj was to be informed that in default of vacating by May 1, 1964, rent would be recovered at the rate of Rs. 50 per hundred square feet. The Minister of Works, however, did not agree with this proposal and the Samaj continued in possession of the accommodation rent-free beyond December 1963 and they finally vacated the premises on July 9, 1965. If the Samaj had been charged the market rent as from the date of allotment i.e. from July 11, 1955 upto June 30, 1965, the rent payable by it would have been Rs. 3,12,868.50, and that would be the subsidy given to the Samaj for the accommodation in Janpath Barracks-A.

#### **A Part of Basakha Singh Building in L-Block, Connaught Circus**

16.190 Flat No. 26 was allotted to Mr. N. L. Verma of the Bharat Sevak Samaj on September 24, 1953 for residential purposes. This was done at the instance of Mr. J. L. Hathi, then Deputy Minister, Irrigation & Power, who had been requested by Mr. N. L. Verma, Secretary of the Bharat Sevak Samaj to use his good offices to obtain allotment of two

houses, one in the Service Lane near Plaza Cinema and the other in Basakha Singh Building for himself and for the editor of the journal of the Bharat Sevak Samaj. Mr. Hathi forwarded this letter to Mr. Swaran Singh, Minister for Works & Housing, with the request that the houses might be allotted and this resulted in allotment above-mentioned. The Samaj was required to pay standard rent under F.R. 45-B, payable in advance every month.

16.191 The Estate Officer wanted a security of a permanent Government officer as a condition of allotment but subsequently agreed to the surety of the Bharat Sevak Samaj itself and on February 18, 1954 the Samaj gave a general undertaking to the Estate Office for payment of rent and other dues.

16.192 It appears that neither the Samaj nor Mr. Verma paid the rent regularly and the Estate Office had to issue several reminders. Three letters were written to the Samaj asking it to pay and by the time the last letter of June 27, 1954 was written, arrears amounted to Rs. 1,625.64 which was demanded by the Estate Office as an immediate payment.

16.193 The owner of the building, Mr. Basakha Singh, requested the Estate Office to de-requisition the flat and he was informed by the Estate Office that "it could be de-requisitioned as soon as we are able to provide alternative accommodation to the present occupant viz Bharat Sadhu Samaj."

16.194 Now appeared another complication. A letter from the Joint Secretary of the Sadhu Samaj dated December 30, 1957 to the Estates Office said that part of the accommodation in the flat had been transferred to it and it had its Central office there. The letter was in the following terms:

"I think you are well aware that the Bharat Sadhu Samaj was formed 2 years back for the constructive and social service activities for all round development of the country. As the work is expanding we are very badly in need of accommodation. We have already undertaken publishing literature for national unity, prohibition and moral upliftment of the people. While mentioning this I would like to remind you that our present accommodation is allotted by you through the Bharat Sevak Samaj as

this the sister organisation of the Bharat Sevak Samaj. We will be grateful to you if you can give priority and help us in getting an accommodation of not less than four rooms for residential purpose within New Delhi area. A copy of the constitution is herewith enclosed for your information".

16.195 On receipt of this letter, enquiries were made by the Estate Office which showed that one room was occupied for residential purpose and the other two rooms by office of the Sadhu Samaj. The Estate Office therefore wrote on February 6, 1958 to the Central Bharat Sevak Samaj saying that they had not allotted any accommodation to the Sadhu Samaj and the Bharat Sevak Samaj was asked to furnish the details of the accommodation given by them to the Bharat Sadhu Samaj and also state the circumstances in which this was done. Three reminders were sent to the Bharat Sevak Samaj on March 12, 28 and April 22 of 1958 but the Bharat Sevak Samaj gave no reply. Therefore, the date on which the accommodation was transferred to the Bharat Sadhu Samaj cannot be ascertained.

16.196 It would be relevant to remark that the Bharat Sevak Samaj was claiming for more and more allotment from Government and it was transferring part of the accommodation, which was in a building requisitioned from a citizen, to another organisation without the knowledge and permission of the Estates Office.

16.197 The Estates Officer instead of taking any action to get the premises vacated and hand over the building to its owner, who wanted it to be de-requisitioned, wrote a letter on January 16, 1960 to Mr. H. K. D. Tandon, Private Secretary to the Minister for Planning Mr. G. L. Nanda pointing out that it was an improper thing on the part of the Bharat Sevak Samaj to transfer the possession of Basakha Singh Building to the Bharat Sadhu Samaj and also that the use of the building for office use might raise some legal complication and also that the Samaj was in arrears to the extent of Rs. 1,794.91 on account of rent of the flat and Mr. Tandon was asked to persuade the Bharat Sevak Samaj to get the premises vacated within 5 days; make payment of all the outstandings and also that the Ministry had decided to de-requisition the building. Mr. Tandon now instead of helping the Estate Office, pointed out that the Bharat Sevak Samaj and the

Bharat Sadhu Samaj were twin-sister organisations, of both of which the President was Mr. G. L. Nanda and that the Bharat Sadhu Samaj was functioning as an educational organisation on behalf of the Bharat Sevak Samaj. It may be pointed out here that the Bharat Sadhu Samaj has refused any such suggestion and they refused to produce their accounts before this commission.

16.198 Mr. Tandon said that the Bharat Sevak Samaj would be responsible for the payment of rent to the Estate Office. He also said that the flat was not being used as an office, and that Swami Anand, Joint Secretary of the Bharat Sadhu Samaj and a few other sadhus were living in that flat permanently and they were cooking their food there and only one room was set apart for the office work. Mr. Tandon, therefore, did not want the flat to be de-requisitioned.

16.199 Further, Mr. Tandon said the flat should not be de-requisitioned and in case it was not possible to stop its de-requisitioning, alternative accommodation might be provided in the same area.

16.200 The Estates Office on May 13, 1960 requested the Ministry of Works & Housing to let them know whether they could treat the Bharat Sevak Samaj and the Bharat Sadhu Samaj as one and the same organisation for the purpose of allotment. Alongwith that a copy of the letter of Mr. Tandon was sent. On June 7, 1960 the Ministry of Works & Housing wrote to the Estate Office that Government had no objection to the occupation of the flat by the Bharat Sadhu Samaj subject to the condition that the Bharat Sevak Samaj should be the official allottee and responsible for the rent.

16.201 On what basis the property of a citizen, which can only be taken for public purpose, could be allotted to the residence of Sadhus or for the office of the Bharat Sadhu Samaj merely on the ground that its Chairman was a Minister of the Central Government, has not been explained; nor has any reason been shown on the record as to why this letter was allowed to be written by a responsible officer of the Planning Commission.

16.202 On October 16, 1962 the Estate Office again issued an order cancelling the allotment in favour of the Bharat Sevak Samaj with effect from December 1, 1962. By the end of September 1962 the arrears of rent

had amounted to Rs. 1,863.28 and the Estates Office issued the notice of eviction to the Bharat Sevak Samaj on December 27, 1962 because it had not vacated the building on December 1, 1962. But this was an ineffective notice and the Samaj continued to occupy the premises even after December 1962.

16.203 Now again Mr. G. L. Nanda, Planning Minister intervened and discussed the matter personally with the Minister for Works. This was on March 13, 1963 and the following decision was taken:

“The Minister for Planning, Labour and Employment suggested that the residential accommodation provided for the Bharat Sevak Samaj may not be withdrawn for the present, but agreed that in respect of Government residences full normal rents may be charged and no subsidy in rents need be continued whether in respect of requisitioned or leased accommodation or Government accommodation. I have agreed to this”.

16.204 The order of cancellation of allotment was withdrawn on May 16, 1963 and the Bharat Sevak Samaj was allowed to remain in possession of the flat.

16.205 In July 1965 the matter was again reviewed by the Director of Estates when he learnt that one Mr. G. R. Chaurasia who was with the Bharat Sevak Samaj till June 1954, was in unauthorised occupation of the flat and it was decided to cancel the allotment in favour of the Samaj. An order to that effect was issued in August 1965 and the Samaj was asked to vacate the premises by September 15, 1965.

16.206 Now Mr. Brij Krishan Chandiwala intervened and requested the Minister for Works on September 29, 1963 that the Samaj might be allowed to retain the house and the Minister agreed to extend the allotment upto the end of March 1966, and it was further extended to the end of March 1967. This was at the request of Mr. Chandiwala on May 28, 1966. The Bharat Sevak Samaj did not vacate the premises and requested on June 16, 1967 for a further extension and then upto the end of March 1968 and the end of March 1969 but the Government did not agree and asked the Samaj on January 16, 1968 to vacate the Premises, in default, of which, additional damages would be recovered and eviction proceeding taken but the Samaj did not vacate and

eviction proceeding were started on January 17, 1969.

16.207 Now another gentleman intervened on behalf of the Samaj. On January 24, 1968, Swami Hari Narayana Nand requested the Minister for Works & Housing to allow the Samaj to retain the premises as it was being occupied by their senior workers who were receiving meagre maintenance allowance and could ill-afford to pay high rents. Besides, the house was being used as a workers' home for the workers of the Samaj who came to Delhi on the business of the Samaj. But the Minister did not agree and the Samaj was again asked on May 22, 1968 to vacate the premises.

16.208 On August 27, 1968 some Members of Parliament interceded on behalf of the Samaj and made a representation to the Minister for Works requesting that the Samaj may be allowed to retain the premises but the Minister replied on October 10, 1968 his inability to accede to the request and the Samaj was advised to vacate the premises. On June 23, 1970 the Commission was informed by the Director of Estates that the premises had not been vacated and were unauthorisedly in possession of the Samaj. They have still, upto to-day not been vacated as is shown by the evidence of Mr. P.S.L. Sarma Additional Director of Estates.

16.209 It is indeed regrettable that a body which came into being as a body of public utility should contemptuously treat the orders of the Estates Office and thereby help in misapplication of the provision for requisitioning for public purposes. Nothing has been shown to the Commission to show that any public purpose was being served by not vacating. At any rate, that is not the object of requisitioning of the properties of the private citizens.

16.210 In this whole affair the Estate office has been a helpless and willing instrument in allowing the Bharat Sevak Samaj to ignore lawful orders. There is also evidence of pressure from high quarters to interfere in the discharge of duties by officials of Government in a lower echelon. And what is worse sadhus of a social organisation succeeded in depriving a citizen of his house which is quite contrary to the letter and spirit of the law.

## 9 Queensway Lane

16.211 The house No. 9 Queensway Lane was allotted to the Samaj by a letter dated

January 19, 1954 and a letter of the Samaj dated January 16, 1954 to the Estate Office shows that this house was required as residence for the Editor of the "Bharat Sevak" but allotment was made under the orders of Mr. S. Ranganathan, the then Joint Secretary in the Ministry of Works & Housing. As the file relating to the allotment has not been produced the circumstances under which this allotment was made is not known to the Commission but it was made under F.R. 45-B on the payment of "full rent" with other service charges. As the Samaj had given an undertaking of its responsibility for payment of rent etc. the condition in regard to the security and payment of advance rent was not enforced.

16.212 On November 30, 1954 the Bharat Sevak Samaj wrote to the Estate Office saying that the building had been allotted to Mr. K.P. Tripathi, Assistant Editor, "Bharat Sevak". Mr. Tripathi's services were terminated as from November 13, 1956 but he continued to be in possession of the premises, and therefore in February 1957 the Samaj approached the Estate Office to get Mr. Tripathi evicted which was done on April 12, 1957 with the help of the C.P.W.D. and the building was again occupied by the Bharat Sevak Samaj on April 16, 1957. Samaj was, however, irregular in its payment of rent and upto January 31, 1960 the amount of rent due was Rs. 592.13.

16.213 At a meeting convened by the Secretary of the Works & Housing Ministry on November 21, 1958 a decision was taken to give notices to all private parties for payment of arrears of rent within a specified period failing which the allotment would be cancelled and action taken to recover the arrears and to evict the occupants. In pursuance thereto a notice was issued by the Estate Office to the Samaj on February 4, 1960 requiring them to pay Rs. 592.13 within 10 days failing which eviction proceedings would be taken. But no action was taken upto September 1962.

16.214 At a meeting held in the room of the Minister for Works on September 10 and 11 1962 it was decided that allotment of No. 9 Queensway Lane to the Samaj be cancelled and damages recovered for use and occupation for the period of overstay. An order was, therefore, issued for cancellation on October 16, 1962 but the Samaj did not vacate the house. Eviction proceedings were started on January 16, 1963.

16.215 Once again there was discussion between the Minister of Works and Mr. G.L.

Nanda, Minister for Planning and the latter suggested that the residential accommodation may not be withdrawn but he agreed that in respect of accommodation full normal rent may be charged and no subsidy in rent be continued whether the premises were requisitioned or leased or belonged to Government. The Minister for Works & Housing agreed to this and a letter dated May 23, 1963 was issued for the purpose of withdrawing the cancellation of the allotment letter by the Estate Office.

16.216 On August 6, 1963 the Estate Office wrote to the Samaj to vacate the premises as it was thinking of returning the house to the owner but the Samaj did not vacate the premises. This occupation by outside agencies was adversely criticised by the Public Accounts Committee in their 34th Report (1964-65). They observed at page 65 in paragraph 44:—

"The Committee consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body. The Committee also understand that there is a judgement of the Supreme Court on a similar issue. They desire that speedy action should be taken to de-requisition such buildings and the Committee should be informed of the action taken".

16.217 The Secretary of the Ministry of Works assured the Public Accounts Committee that the cases would be reviewed in the light of their observations. And therefore the occupation by the Samaj of 9, Queensway Lane was reviewed and it was decided with the approval of the Minister for Works on August 2, 1965 that the allotment in favour of the Samaj be cancelled. As a result of the above decision the Estate Office cancelled the allotment as from September 15, 1965. Upto July 31, 1965 a sum of Rs. 592.13 was due as rent.

16.218 The house No. 9, Queensway Lane was being used by the Samaj partly to accommodate the office of the National Consumer Service and partly as residence of its officers. The Samaj, therefore, approached Mr. Mehr Chand Khanna, Minister for Works with a request that the notice of cancellation might be withdrawn. The matter was examined at the instance of the Minister but it was decided not to change the order already passed and the Minister therefore wrote to the Samaj that the house should be vacated at an early date and in the alternative the Samaj might make suitable arrangements with the owner of the

house. The Samaj persisted and again wrote to the Minister to permit them to continue upto the end of March 1966. This was agreed to by the Minister. When the matter was brought to the notice of the Minister in March 1966 he passed an order that the vacation of the house by the Samaj should be insisted upon. The orders were conveyed to the Samaj of the cancellation of the allotment as from April 1, 1966. There was again representation to the Minister and he agreed to permit the Samaj to remain upto end of March 1967.

16.219 On June 16, 1967 the Samaj intimated its willingness to surrender the house but subsequently wrote on September 8, 1967 to the Estate Office that they could not give vacant possession as the occupants were refusing to vacate the premises. The Samaj had allotted this house to 3 of its workers but the services of two of them had been terminated on March 8, 1966 and the third one also ceased to work for the organisation in May 1967. The Samaj was, therefore, unable to get vacant possession from these persons.

16.220 The house was finally vacated on January 21, 1970 and according to the affidavit of the Director of Estates the arrears of rent due on December 31, 1969 were Rs. 3,740.13. Subsequently this amount must have been paid because in its letter dated February 25, 1972 the Estate Office has not shown any arrears due in respect of this house.

16.221 This is another instance where the Estate Office was almost helpless in getting the Samaj out of the premises from which it wanted to evict it and what is more regrettable is that even the Samaj could not remain in possession of it and its dismissed servants had taken possession of it.

#### **Allotment of 'B' type quarters in Lodhi Colony**

16.222 At the request of Mr. Krishna Prasad, General Secretary of the Bharat Sevak Samaj for starting a community centre for children, women's library and indoor games the Ministry of Works & Housing allotted on December 14, 1956 one 'B' type quarter ('F' class) free of rent to the Samaj in Lodhi Colony pending construction of a community hall but service charges were to be paid by the Samaj. In pursuance of this order flat No. B-12/182 was allotted to the Samaj on a purely temporary basis on December 31, 1956.

16.223 Lodhi Colony Brotherhood, an organisation of local residents also wanted a quarter

for the purpose of a club and the Estate Office wrote to the Samaj on February 26, 1957 to allow the use of a portion of the flat to the Brotherhood but there is no indication on the file that this accommodation was made available.

16.224 The letter of the Samaj dated September 15, 1957 to the Estate Office shows the activities which they were carrying on and they were:—

1. Yoga Health Centre.
2. Milk Centres.
3. Ambar Charkha Centre.
4. Sewing Training Centre.
5. Adult Education Centre.
6. Balkaindras.
7. Library.
8. First Aid Training.
9. Bee keeping (Arrangements still in progress).
10. Study Circle.
11. Free Coaching to weak students.

They also stated that they were collecting Rs. 6 p.m. as fees for the sewing centre, and Rs. 2 as admission fee. For the First Aid Training they were receiving a fee of Rs. 3 per month.

16.225 On February 27, 1961 Mr. Brij Krishan Chandiwala, Chairman of the Delhi Pradesh Samaj wrote to the Minister for Works, Housing & Supply requesting him to allot the Community Hall which had been constructed in the Lodhi Colony as the existing accommodation was insufficient and the Government of India had undertaken to allot the community hall to the Samaj. In his reply dated April 5, 1961 the Minister said that the community hall was constructed for the Ministry of Home Affairs for use as Grah Kalyan Kendras for the use of the residents and the hall could therefore not be allotted. On October 30, 1963 Mr. Karam Narain, President of the Sevak Samaj Cooperative Store wrote to the Minister that the Store was located in quarter No. B-12/182 allotted to the Samaj and as the accommodation was not adequate, a bigger accommodation should be allotted and Mr. Brij Krishan Chandiwala wrote to Mr. Mehr Chand Khanna on July 20, 1964 and on September 15, 1964, flat No. B-9/761 was allotted to the Samaj in lieu of flat No. B-12/182 but the record shows that the Samaj was functioning in flat No. B-12/182.

16.226 There was some criticism by the Public Accounts Committee regarding the allotment of these quarters and the Housing Minister recorded a minute as follows:—

“..... I am in full agreement with the Public Accounts Committee that no hidden subsidy should be given. I think, we should start examining each such case, and make a demand for full market rent”.

16.227 At a meeting held on April 28, 1965 where the Minister for Works and Housing presided it was decided that each case in which the Government had allotted accommodation to private parties should be examined and the Secretary's orders obtained regarding the quantum of rent to be charged and whether the party should be allowed to retain the accommodation at all. On December 2, 1965 the Minister wrote to Mr. Brij Krishan Chandi-wala that flat No. B-12/182 had not been vacated by the Samaj and that market rent was payable by them with effect from July 1, 1965.

16.228 Quarter No. B-12/182 was vacated on March 16, 1966. Market rent for this flat was fixed at Rs. 436 p.m. as is shown by an Office Memorandum of the Ministry dated December 23, 1965 but a letter of the Director of Estates dated March 1, 1966 shows that the Samaj was allowed to retain the quarter on old terms till the Cooperative Store located therein was shifted to the new shop in Seva Nagar.

16.229 The above discussion will show that the quarter was allotted to the Samaj from January 10, 1957 to March 16, 1966 on rent-free basis. For the above period the subsidy given to the Samaj works out to be Rs. 48,146.63 at the market rent of Rs. 436 per mensem.

#### **Quarter No. B-179, Nanakpura**

16.230 The Director of Estates by his letter dated May 19, 1961 allotted one room in a quarter No. B-179, Nanakpura for the purpose of running a Nursery School by the Samaj. This was for the benefit of the children of the locality. The circumstances in which this allotment was made were as follows:

16.231 Quarter No. 179 of Nanakpura had been allotted by the Director of Estates to one Brij Raj Kishore, an Assistant in the Directorate General of All India Radio. Some residents made a complaint to the Minister of

Housing that Brij Raj Kishore had been running a Nursery School in the quarter from July 1958 which caused inconvenience to the other residents. An enquiry was made in May 1960 by an officer of the Directorate and the complaint was found to be correct. The other facts disclosed by the enquiry were that the school was called Bal Sadan; two persons—the wife of the allottee and her younger sister—were employed as teachers in the school; the children admitted into the school had to pay an admission fee of Rs. 2 and in addition a tuition fee of Rs. 5 per mensem. A notice was therefore issued to Brij Raj Kishore to close the school and he reported to the Director that he had stopped running of the school as from May 1960.

16.232 At this stage, Pradesh Convenor of the Bharat Sevak Samaj approached the Director of Estates and asked for permission to run a Nursery School in Nanakpura in one room of quarter No. 179 but the permission was refused by the Director as the quarter was only to be used for residential purposes. This was on August 9, 1960.

16.233 A representation was made by the Samaj to the Minister of Works, Mr. K. C. Reddy on December 5, 1960 and as a result of this, the quarter was allotted to the Samaj with permission to run a Nursery School for the benefit of the children of the locality.

16.234 As a matter of fact, the school had continued from May 1960 onwards under the auspices of the Bharat Sevak Samaj and the location and the teaching staff of the school remained the same. An anonymous complaint was made to the Administrative Vigilance Officer of the Ministry of Home Affairs and some residents also complained that the Samaj had allowed its name to be used by Brij Raj Kishore and thus deceived the Director of Estates and the Bharat Sevak Samaj.

16.235 In May 1961 the Director ordered that the school be closed. The Bharat Sevak Samaj intervened and took up the matter with the Director of Estates to allow the school to be continued. Permission was given by the Ministry of Works, Housing and Supply on April 23, 1962 to continue the school upto April 30, 1962.

16.236 The Bharat Sevak Samaj then took up the matter with Mr. Mehr Chand Khanna who had succeeded Mr. K. C. Reddy as the Housing Minister and the Minister directed the Director of Estates not to pursue the



matter any further and thus the Samaj was allowed to continue the school and the room was finally vacated on February 1, 1967.

16.237 The rent for the accommodation allowed to the Samaj was assessed by the Director of Estates at the rate of Rs. 64/- under F.R. 45-B and it wanted Brij Raj Kishore to deposit that amount, but neither he nor the Samaj paid any rent to the Director and the total arrears as on December 31, 1969 came to Rs. 1,013.70.

16.238 This appears to be a case where the Samaj had come to the assistance of a servant of the Government of India who had violated the terms of the allotment of quarter and against whom action was proposed to be taken by the Director of Estates. It was on the intervention of the Minister that the room was allowed to the Samaj for conducting a Nursery School by Brij Raj Kishore's wife.

#### **Dome between quarters No. 14 and No. 15 Outram Square**

16.239 This dome was allotted to the Samaj as from April 12, 1960 under the orders of Mr. K. C. Reddy, Minister for Works and Housing. The allotment was rent free in the beginning because of the general order of the Ministry to treat the Samaj as a limb of the Planning Commission, a concession which was subsequently withdrawn because of the criticism of the Public Accounts Committee in its Thirty-fourth Report of the year 1964-65. This cancellation of the concessions was ordered on July 16, 1965 when the market rent of Rs. 34/- was fixed as from July 1, 1965.

16.240 In reply to a question in the Upper House, No. 235, the Minister of Works stated on August 25, 1965 that the dome had been allotted to the Samaj for office purpose and was being used for residential purposes and he assured the House that the matter would be looked into. A letter was sent to the Samaj on September 7, 1965 pointing out the misuser. The Samaj, in reply, stated that the accommodation was used for the activities of the Samaj and was actually being used for miscellaneous activities like storing of milk powder and running of milk distribution and the person incharge of that activity had been allowed to stay in these premises.

16.241 The Director of Estates made an inspection to find out whether the accommodation was being used purely for residential

purposes or for the activities of the Samaj. The inquiry conducted on January 27, 1966 disclosed that the accommodation was not being used for the purpose for which it was allotted and a recommendation was made for the cancellation of the allotment which was approved by the Secretary of the Ministry.

16.242 The Minister for Works and Housing ordered his Private Secretary to discuss the matter with Mr. Brij Krishan Chandiwalla, Convener, Delhi Pradesh Bharat Sevak Samaj. The latter told the Private Secretary that a portion of the accommodation had necessarily to be used for the residential purposes also by the person incharge of the milk distribution. It was also stated by Mr. Chandiwalla that Bindoo Ram, who was incharge of the distribution, had to move from place to place and it would be difficult for him to carry out his duties of milk distribution if he did not live in the quarter. The matter was brought to the notice of the Minister. The Private Secretary to the Minister said in his report that there could be no objection if the Samaj was paying market rent. The matter was again discussed by the Minister with Mr. Chandiwalla. This was on March 4, 1966 and the latter emphasised that the presence of the person incharge in the premises was necessary. To this the Minister agreed and allowed the user of the quarter by the Samaj for residential purposes.

16.243 These premises were vacated by the Samaj on October 28, 1967. If the rent had been charged from the beginning, the amount due would have been Rs. 2,111/- upto June 30, 1965.

16.244 Thakur Prashad Saxena sent a letter on January 29, 1968 to the Hon'ble the Prime Minister saying that he had constructed an additional room and he had put in electricity and also installed sanitary arrangements and he demanded that he should be recompensed for the amount spent which was Rs. 500/-. On enquiry it was found by the Director of Estates that no permission had been given for the purpose by the Central Public Works Department.

#### **Allotment of Flat No. 58-E, Sujan Singh Park**

16.245 On July 18, 1956 Mr. S. Gopal Shastri Organising Secretary of the Bharat Yuvak Samaj wrote to the Hon'ble Minister for Works and Housing and Supply pointing out that he had been working in Delhi in the Central Bharat Sevak Samaj and he should be allotted a house. On September 17, 1956



Mr. Govind Sahai, Adviser, Youth Section, Central Bharat Sevak Samaj also wrote to the Minister requesting for allotment of a house to Mr. Shastri. Mr. Shastri was allotted flat No. 58-E Sujan Singh Park along with two servants quarters and a garage on a payment of Rs. 183.88 as rent and a service charge of Rs. 6.25 p.m. Mr. Shastri was irregular in the payment of rent and in October, 1962 he paid arrears of rent amounting to Rs. 2,798.09. With effect from June 1963 the flat which belonged to a private party was de-requisitioned and Mr. Shastri entered into an arrangement with the landlord direct.

16.246 To sum up the position comes to this:—

(i) *Plot Nos. 9, 10 and 10-A Rouse Avenue, New Delhi*

Plot No. 9 was allotted on May 7, 1957 to the Bharat Sevak Samaj for the construction of their office building within a period of 2 years from the date of allotment. Plot Nos. 10 and 10-A were allotted on November 12, 1958 for the construction of the Occupational Therapy Institute within 2 years from the date of allotment. Neither the office building of the Samaj nor the Occupational Therapy Institute building were constructed within the stipulated period. An inspection by the officers of the Land and Development Office in December 1960 showed that a school was being run in the plot of land allotted for the construction of the office building which was against the terms of allotment. Another inspection on May 12, 1964 by the Land and Development Office showed that the barracks on plot Nos. 9, 10 and 10-A were being used by the Bharat Sevak Samaj for running a college, a Technical Training Institute and the Occupational Therapy Institute for which they were not paying any rent to the Government. The records of the Samaj show that they recovered rents amounting to Rs. 21,800/- from the Janki Devi College for the barracks let out to the college by the Samaj. The records of the Bharat Sevak Samaj also indicate that the barracks were used as godowns by the Bharat Sevak Samaj Central Construction Service from October 1, 1958 to March 31, 1961.

As the Bharat Sevak Samaj office building was not constructed it appears that orders were issued by the Government for re-entry of the plot No. 9 allotted to the Samaj and that

plot was also allotted in the name of Jawahar Lal Institute of Physical Medicine and Rehabilitation for the construction of their building. Why this action was taken in the case of plot No. 9 and not plot Nos. 10 and 10-A which also had not been built upon is not shown by the record before the Commission.

(ii) *Award of work for removal of Sand in Bir Bela Area*

The Bharat Sevak Samaj did not pay to the Government one instalment of the lease money of Rs. 37,748.40 which had fallen due in April 1963. The Government had ordered recovery of interest at 6 per cent per annum with effect from February 8, 1968 on this amount. This also is due to be recovered from the Bharat Sevak Samaj.

The contract for the removal of sand in the Bir Bela area was given to the Bharat Sevak Samaj on negotiation basis without calling for tenders, on the ground that the sand prices will thereby be brought down as a result thereof. The Samaj instead of bringing down the sale price of sand approached the Government for reduction in the lease money on the ground that other areas had been allotted to other parties resulting in a loss to the Bharat Sevak Samaj due to fall in the price of sand.

(iii) *Allotment of site measuring 3.55 acres on Magazine Road*

The Samaj after taking possession of site for construction of temporary hutments for labour employed for stone crushing did not accept the terms and conditions of allotment but wanted to have the rent fixed at a nominal rate of Re. 1/- per month. Permanent structures were put up even though one of the specific conditions was that only temporary structures were to be constructed. The Samaj was asked to vacate the land which also they have not done. No rent has been paid by the Bharat Sevak Samaj and the unauthorised occupation continued. Rent and damages from March 18, 1963 to January 17, 1970 amounted to Rs. 5,48,515.95 which has not been paid yet. It appears that this land was used for the benefit of workers of the Pathar Toda Society which was sponsored by the Bharat Sevak Samaj but over which the Bharat Sevak Samaj ceased to have any control. What rent was charged by the Samaj from the beneficiaries is not known as the relevant records have not been produced.

(iv) *Allotment of site measuring 123 Sq. Yds. on Magazine Road*

This was allotted for the construction of the office building of the Pathar Toda Society sponsored by the Bharat Sevak Samaj. On August 5, 1972, the Samaj informed the Government of India that they had severed all connections with the Pathar Toda Cooperative Society for whose office building the site was got allotted by the Government. They did not need the land any more nor were they responsible for the payment of ground rent. As per the terms of allotment the Samaj was required to restore the site to its original position on vacation at their expenses. The Samaj, however, did not restore the possession of the site to the Government of India when it severed connections with the Pathar Toda Society and the unauthorised occupation of the site by the Society was still continuing. Neither the Samaj nor the Pathar Toda Society paid any rent or damages to the Government of India from January 15, 1969.

(v) *Land on Kutab Road for running a school and a Dispensary*

The land was allotted for running a school and a Dispensary at Rs. 1,102 per acre per annum but the Samaj wanted the land to be allotted rent-free and on May 24, 1967 a notice was served on the Samaj resuming the land as they did not accept the conditions. It was also found that the Samaj was running a Club and a Cooperative Store which was not within the terms of allotment. The damages from March 11, 1964 to January 31, 1970 for unauthorised occupation amounted to Rs. 12,972.13 which was recoverable from the Samaj and action was being taken to recover the damages under the Public Properties Eviction Act.

(vi) *Khyber Pass Market Building*

An inspection of the site on May 5, 1972, June 28, 1972 and September 13, 1972 showed that the Samaj had let out the premises to 14 different squatters who were using the same for residential purposes for the last 10 years. What rent was collected from the squatters was not known to the Land and Development Office. The records do not show what rent was paid by the Samaj after March 31, 1962.

(vii) *Encroachment on Government land in Nauroji Nagar*

An inspection of the Nauroji Nagar area on July 31, 1965 revealed that the Bharat

Sevak Samaj had encroached upon a piece of land in Nauroji Nagar near Quarter No. 239 on which they were running a primary school in tents. Though the site was got vacated two or three times it was again encroached upon and the unauthorised occupation was continuing. The Bharat Sevak Samaj have not paid any damages to the Government and action was being taken under Public Properties Eviction Act to recover the damages at Rs. 83.32 from July 31, 1965 to January 26, 1968. Action for similar recovery from January 27, 1968 has yet to be taken by the Government.

(viii) From July 1952 the Government allotted accommodation to the Bharat Sevak Samaj for its office and for residence for some of its workers. The accommodation was allotted on the recommendation of the Planning Commission. In the beginning a nominal rent of Re. 1/- was charged for the office accommodation but in 1954 at the instance of the Minister of Planning Mr. G. L. Nanda the Bharat Sevak Samaj was treated as a limb of the Planning Commission and the accommodation allotted to it was made rent-free and this order was given effect to from April 1, 1954. A large floor area was allotted to the Bharat Sevak Samaj from time to time.

(ix) The Public Accounts Committee was critical of Government accommodation being allotted to the Bharat Sevak Samaj when the Government had to hire accommodation for its own purposes. And on May 26, 1965 orders were passed by the Government cancelling their earlier orders for rent-free accommodation and it was decided to charge market rate of rent from July 1, 1965. The Samaj has not so far paid any rent under the above mentioned orders and upto November 30, 1972 the arrears of rent which had accumulated amounted to Rs. 3,57,496.33. Had the Government also charged rent for the accommodation given to the Bharat Sevak Samaj upto July 1, 1965 the rent recoverable would have been Rs. 11,40,045.89 and this is an indirect assistance given by the Government to the Bharat Sevak Samaj.

(x) Portions of the building allotted to the Bharat Sevak Samaj were either sub-let or allowed to be used by other institutions and there is information about such user by other institutions like the Pen Friends League, Voters Parishad, Bharat Nepal Yuvak Maitri Sangh, Indian Trade and Industry, News Editors Combine, the Writers Cooperative, the Society for the Promotion of Civic Sense in

India, Jandharti Sangh, New Jeevan Sangh, Radical Weekly etc.

(xi) Even though the Bharat Sevak Samaj had not paid the rent they continued to remain in occupation of the building.

(xii) The Community Hall at Sarojini Nagar which was constructed for providing amenities to the occupants of Government accommodation in that area was allotted to the Bharat Sevak Samaj on a rent-free basis. There were complaints that the Samaj was not allowing the use of the building to the local institutions and when they allowed the user they charged rent from those institutions. Inspection of the Director of Estates also showed that some excessive charges were being made but the Samaj was allowed to continue the use of the building.

(xiii) Even though the Samaj was given the building rent-free upto June 30, 1965 the Samaj collected rent totalling Rs. 27,319.00 from the Nursery School, Women Welfare and Craft Centre and the Cooperative Store which were located in the building. They continued to charge rent thereafter also but no rent has been paid to Government so far.

(xiv) The Samaj also collected rent in the form of hire charges from other institutions but the accounts of these collections have not been produced excepting for an amount of Rs. 1,058/-.

(xv) The Samaj also collected contribution for the Building Fund from the students of the Nursery School and the amount so collected upto 1966-67 was Rs. 55,032.50. Out of this Rs. 36,229.93 was spent on the construction of seven pucca rooms and a verandah in the premises but there is no record to show that this construction was done with the permission of the Central Public Works Department.

(xvi) The Community Hall in Kidwai Nagar which was constructed by the Government of India as an amenity for the residents of the Government quarters of the area was allotted to the Bharat Sevak Samaj. There were protests from the Residents Association that they were not allowed to use the building for their social, cultural and recreational programmes because the Samaj was charging rent for the use of the Hall by the Residents Associations and the rent charged was quite high. Inquiries by the Director of Estates show that the amount charged varied from Rs. 5/- to Rs. 40/- per day.

(xvii) The Samaj also continued a number of activities such as the Balwadi and Women Arts and Craft Centre but for all these activities they were charging fees.

(xviii) In the year 1967 in the Community Hall were located some other organisations such as the Bal Vikas Samiti and the Nehru Bal Samiti which were started by the Convener of the Kidwai Nagar Bharat Sevak Samaj. The Samaj took no action to keep the Government informed about this.

(xix) The Bharat Sevak Samaj has not produced the books of accounts relating to the Bharat Sevak Samaj Kidwai Nagar which according to the complaints had collected rent for the use of the building. But the accounts for some years of the Nursery School etc. show that Rs. 41,562.31 was collected from the various institutions which were housed in the Community Hall or from the user of the Hall and this was upto the year 1968-69.

(xx) The evidence shows that the expenditure on the organisation of the Bharat Sevak Samaj Kidwai Nagar were met out of these receipts. Certain aspects were also acquired by the Bharat Sevak Samaj Kidwai Nagar from out of the grants given for the Nursery School by the Social Welfare Board and from the collection from the users of the Community Hall but these assets have not been handed over by Mr. S. P. Govil the then District Chairman of the Bharat Sevak Samaj, Kidwai Nagar who resigned the post. Mr. Govil also did not hand over the books of accounts when he resigned and he has not produced them before this Commission even though he was specifically directed to do so.

(xxi) The Bharat Sevak Samaj Kidwai Nagar was also collecting some contributions from the children attending the Nursery School towards the Building Fund but the accounts of the Building Fund have not been produced before this Commission.

(xxii) The accommodation allotted to the Bharat Sevak Samaj was partly used for its Commercial activity e.g. the construction Service but no rent was charged even for the portion of the accommodation used for the Construction Service except in the case of some accommodation in the United States of America Pavilion in the Exhibition Grounds.

(xxiii) The accommodation provided in Jan Path Barracks rent-free was used by the Bharat Sevak Samaj for its Const. Service and also for running some Technical Training Institutes for which regular fees were collected and for which the Samaj showed a saving of Rs. 39,259/- upto March 31, 1965.

(xxiv) A requisitioned building in I. Block, Connaught Circus was allotted to the Bharat Sevak Samaj for its residential purposes and even though on a number of occasions the owner applied for the building to be de-requisitioned because it was not being used for public purposes the building continued to be in the possession of the Bharat Sevak Samaj. The Commission is of the opinion that the provisions of law relating to requisitioning for public purposes were mis-used to provide accommodation for some workers of the BSS. This building was also partly used by the Bharat Sadhu Samaj which was a sister institution of the Bharat Sevak Samaj and the Sadhu Samaj was unwilling to vacate.

(xxv) Another house in Queensway Lane which was allotted to the Bharat Sevak Samaj could not be got vacated till January 1970 even though a decision was taken in November, 58 to have the building vacated.

(xxvi) A part of a Government quarter which was allotted to an Assistant in the All India Radio was misused by him for running a Nursery School and action was started against him. The Samaj adopted the Nursery School as their own inspite of the complaints from the local residents. The Director of Estates allotted that portion of the building to the Bharat Sevak Samaj. The arrears of rent on account of this accommodation as on December 31, 1969 came to Rs. 1,013.70.

(xxvii) A dome between two quarters in Outram Square in New Delhi allotted to the Bharat Sevak Samaj for office purposes was used for residential purposes.

(xxviii) The Commission finds that the Government allotted rent-free accommodation to the Bharat Sevak Samaj upto June 30, 1965.

TABLE 16-A

(Referred to in Para 16.2)

*Statement showing details of the Lands, Sites and Buildings etc. Allotted to the Bharat Sevak Samaj by the Land and Development Officer, Government of India, New Delhi*

Sl. No.	Particulars of accommodation allotted	No. and date of letter of allotment of accommodation	Purpose	To whom allotted	Charges recoverable
1	2	3	4	5	6
1	Land measuring 0.55 acre (Plot No. 9 Rouse Avenue, New Delhi.)	Ministry of Works, Housing and Rehabilitation letter No. L:3 (76)/56 dt. 7-5-57 and Land and Development Office letter No. Allot. 3(53)/59 dt. 19-7-63 [Pages 3, 4 and 27 of 2-2 (15) (ii).]	For construction of office building of the Bharat Sevak Samaj, Delhi State Branch	Bharat Sevak Samaj, Delhi State Branch, New Delhi	@ Rs. 36,000/- per acre as premium plus 5% annual ground rent thereon.
2	Plot No. 10 & 10-A Rouse Avenue, measuring about 1 acre.	Ministry of Works, Housing and Rehabilitation letter No. No. 3618-L/63 dt. 15-6-63 and Land & Development Office letter No. Allot 3(230)/59 dt. 19-7-63 [Page 3, 4, 8, 11 and 20 of 2-2-(15) (ii)]	For construction of occupational Therapy Institute later on named as Jawahar Lal Nehru Institute of Physical Medicine and Rehabilitation.	Delhi Pradesh Bharat Sevak Samaj, New Delhi.	@ Rs. 5,000/- per acre as premium plus 5% annual ground rent.

by treating the Samaj as a limb of the Planning Commission. This decision was taken at the instance of the Minister of Planning Mr. G. L. Nanda who said that the Samaj was accountable for its activities to Government and to Parliament but the Commission finds that no grounds were adduced for treating a society registered under the Societies Act as a limb of the Planning Commission or of the Government. There is also no evidence to show that the Samaj was accountable to Government as the Samaj has not rendered the accounts of its entire organisation to the Government. All that it has done was to render

the accounts of the grants which it received and the Consolidated Accounts for some years. If the Samaj was a limb of the Planning Commission then its accountability to Government should be total and if it is not a limb of the Planning Commission then it was not entitled to concessions in the matter of allotment of Government accommodation. The Commission finds that the orders treating the Bharat Sevak Samaj as a limb of the Planning Commission were misconceived as no private institution can be a limb of Government, least of all that which claim to be a non-official/non-political body.

TABLE 16-A—contd.

Amount in arrears payable by the Samaj as on 31-1-50.	Purpose for which the land is used by Bharat Sevak Samaj	Remarks
7	8	9
Rs. P. Ground rent @ Rs. 990/- 1,531·11 P.A. from 15-7-1968 onwards.	The barracks standing on the plot, which were to be demolished by the C. P. W.D., before the possession of the plot was to be given to the Samaj, were used for running a school, college, Technical Training Institute and Occupational Therapy Institute. No rent was paid to the Government although the Samaj recovered rent of Rs. 21,800/- from the Janki Devi College for letting out the barracks. The barracks were also used as godown for the Central Construction Service of the Samaj from 1-10-58 to 31-3-61.	The building was to be put up within 2 years of the date of allotment i. e. upto 6-5-59 Extension in time was granted by the Government upto 31-12-68. The Samaj have failed to construct the building till now. The plot was re-entered by the Government on 18-3-69; but the Samaj have not given its possession to the Government so far. Action under the P.P.E. Act against the Samaj is yet to be taken by the Government.
Ground rent @ Rs. 250/- 261·65 P. A. from 15-1-69 onwards.	Do.	Construction was to be completed within 2 years of the date of allotment i. e. upto 11-11-60. Extension in time was granted upto 31-12-68. Notice issued by the Govt. on 28-10-69. The Executive Director of the Institute requested the Govt. on 17-1-69 to mutate the premises in the name of the Institute. The files of the Govt. do not indicate whether the building have been constructed or not and what penalties, if any, have been recovered for breach of the terms of allotment.

TABLE 16-A—*contd.*

1	2	3	4	5	6
3	Award of work of removal of sand from an area measuring 151.10 acres for the season ending 30-6-63	Ministry of Works, Housing and Rehabilitation letter No. L. 3/101/62 dated 4-12-62 and Land and Development Office letter No. Allot 6(4)/60 dated 6-12-62 (Pages 34, 35 and 36).	Removal of sand from the Yamuna River bed.	General Secretary Bharat Sevak Samaj, New Delhi	Rs. 2,81,871/- @ Rs. 1,865.40 P per acre in 15 equal monthly instalments.
4	Site measuring 123 Sq. Yds. on Magazine Road.	Page 38 of 2-2-(15) (ii) Land and Development Office letter dated 16-3-63.	Office use, occupied by the Samaj on 16-3-63.	—	Rs. 32/- P. M. up to 11-10-65 and Rs. 39.63 paise P. M. from 1-11-66.
5	Vacant site measuring 3.55 acres on Magazine Road.	Land and Development Office letter No. Allot 5(17)/62 dated 18-3-63 (page 25).	For labour camp	Pradesh Convener, Bharat Sevak Samaj, New Delhi.	Ground rent @ Rs. 2,921/- P. M.
6	Vacant Govt. land measuring 1,088 Sq. Yds. at Kutab Road (Kadam Sharif) Delhi.	Ministry of Works, Housing and Rehabilitation letter No. L. 3 (84)/59 dated 23-7-1963 and Land and Development Office letter No. 1(38)/L-III/64 dated 25-5-1964 (page 8 and 16 of file No. L. III/8/1(81)/67.	For running a school and a dispensary.	Pradesh Convener, Bharat Sevak Samaj, New Delhi.	@ Rs. 500/- per acre P. A.
7	Kyber Pass Market Building Measuring (119' x 31').	Land & Development Office letter No. Allot 3(407)/60 dated 7-6-1962 (page 42 and 43 of file No. 2-2-(15)(II).	For the use of the Bharat Sevak Samaj.	Pradesh Convener, Bharat Sevak Samaj, New Delhi.	Rs. 100/- P. A.
8	Unauthorised School on Govt. land at Nauroji Nagar.	Unauthorised occupation from 31-4-1965 (Page 46 file No. 2-2 (15)(ii).	—	Unauthorised occupation Shri C. Upadaya President Bharat Sevak Samaj School Nauroji Nagar, New Delhi.	—

TABLE 16-A—contd.

7	8	9
<p>Rs. P. One instalment of Rs. 37,748.40 P. plus interest @ 6% P. A. w.e.f. 13-2-1968.</p>	42,234.76	Action to recover the outstanding dues from the Samaj is yet to be taken by the Govt.
<p>From 15-1-69 to 14-1-70 amounting to Rs. 472.32 paise.</p>	493.90	<p>The land was got allotted by the Samaj for the B.S.S. Pathar Toda Co-operative Society, Delhi. The Chairman, Delhi Pradesh B.S.S. intimated the Govt. of India on 5-8-72 that the Samaj had since long severed all connection with the Pathar Toda Society and as such did not need the land any more nor was it responsible for the payment of ground. The Govt. might retake the possession of the land and take such action about the structure built over it as deemed fit.</p> <p>As per terms of allotment, the Samaj was required to restore the site to its original condition on vacation at their expense. The Pathar Toda Society continues to be in the occupation of the site. Govt. has yet to take action for recovery of rent and or damages from 15-1-69 onwards as also to get the site vacated from the Society.</p>
<p>Forms of allotment not accepted by the Bharat Sevak Samaj. Damages @ 34 P. per Sq. Yd. from 18-3-63 to 31-10-65 and @ 42 P. from 1-11-65 to 31-1-70.</p>	5,51,510.99	<p>The site is unauthorisedly occupied by the Samaj. They have neither accepted the terms of allotment nor paid any damage since 18-3-63. The Government of India are yet to take action to get the site vacated and recover damages from the Samaj.</p>
<p>Damages @ Rs. 183.54 P. M. amounting to Rs. 12,972.13 from 11-3-64 to 31-1-70.</p>	12,972.13	<p>The plot was resumed from the D.D.A. by the Govt. on 10-3-64. It was allotted to the Samaj by the Govt. for one year upto 10-3-65; but the terms were later on withdrawn. The Samaj is in unauthorised occupation of the plot. Action to recover the damages under the P. P. E. Act is yet to be taken by the Govt.</p>
<p>Damages due from the Samaj for unauthorised let out of the premises to the squatters have not been intimated by the Govt. So areas have been calculated at the rate given in the terms of allotment.</p>	753.33	<p>Inspection of the site on 5-5-72, 28-6-72 and 13-9-72 by the officials of the Govt. of India revealed that the building had been rented out by the Samaj to 14 different squatters who were using it for residential purposes for the last 10 years. The squatters refused to tell the amount of rent they were paying to the Samaj.</p> <p>After the transfer of the Nazul land to the Land and Development Officer, the continuance of the use of this market by the Samaj on the rent of Rs. 100/- P. A. was permitted by the Ministry of Works, Housing and Rehabilitation vide letter No. 3(130)/61-Li dated 4-5-1962. Rent paid to M. C. D. by the Bharat Sevak Samaj upto 31-3-1962. Question of ownership is being contested by the Govt. with the D. M. C. Action to recover damages as also get the premises vacated from the Samaj/squatters is yet to be taken by the Government.</p>
<p>Damages @ Rs. 83.32 p.m. from 31-7-65</p>	4,499.28	<p>Site has been unauthorisedly encroached upon by the Samaj. They are running a school thereon.</p> <p>Action to get the site vacated as also to recover damages is yet to be taken against the Samaj by the Government of India.</p>
Total	... 6,14,287.15	

(Referred to in Para 16.56)

*Statement showing details of the Government Accommodation allotted to the Bharat Sevak Samaj as per affidavit filed by the Director of Estates, New Delhi.*

Serial No.	Particulars of accommodation allotted.	Area in Sq. ft.	Date of allotment	Date of occupation	Date of vacation	Rate of monthly rent	Rent outstanding as on 31-1-72	Purpose for which accommodation was allotted.	Rent that would have been recovered had no concessions in rent been given upto 30-6-65.	Remarks
1	Office accommodation in Theatre communication Building (for Delhi Bharat Sevak Samaj) Office.	3	4	5	6	7	8	9	10	
1	Office accommodation in Theatre communication Building (for Delhi Bharat Sevak Samaj) Office.	Details of the accommodation occupied in different years given in the annexure (Table 16-C).				Rent free upto 30-6-65 market rent @ Rs. 50 (Page 77) p.m. per 100 Sq. ft. plus service charges w.e.f. 1-7-65.		For the office of Delhi Pradesh Bharat Sevak Samaj		@ arrears calculated up to 31-12-69 as the building was transferred to New Delhi Municipal Committee from 1-1-70.
2	Office accommodation in Theatre communication Building (for Central B.S.S.) Office.		Do.	Do.		74,130-10@ (Page 77). Central BSS			5,07,480-21	
3	Community Hall Sarojini Nagar.	10-5-54	Still in occupation.			Rent free upto 30-6-65 Rs. 740-50 p.m. from 1-7-65.	58,342-00		99,004-85	
4	Community Hall Kidwai Nagar.	28-11-58	Do.			Rent free upto 30-6-65 Rs. 2,086- p.m. from 1-7-65.	64,794-00		1,65,003-00	
5	U.S.A. Pavilion in Exhibition Grounds.	2298	1-10-63	30-9-65		Ra. 50/- p.m. per 100 sq.ft.		For commercial purposes		Rent charged from the date of allotment.



6	In 'A' Barracks Janpath	5229	11-7-55	9-7-65	Rent free upto 30-6-65 market rent @ Rs. 50/- p.m. per 100 Sq. ft. plus service charges w.e.f. 1-7-65.	..	For O.T.I.	3,12,868.50
7	26 Baisakha Singh Building		1-10-53	Still in occupation	Rs. 87.30 p.m. under F.R. 45-B.	180.60	For residential purpose	Rent charged from date of allotment.
8	9, Queensway Lane		16-1-54	21-1-70	Rs. 90.00 p.m.	Do.	Do.	
9	Garages Nos. 120, 124, 109, 110 and 111 North Avenue.	No. 120 No. 124 No. 109 No. 110 and No. 111	6-11-54 9-9-56 16-1-60 14-12-57	Still in occupation	Rent free upto 30-6-65 Rs. 63/- p.m. from 1-7-65.	4,987.00	For running a nursery school.	3,803.80
10	Garage No. 45/24-32 Janpath	19-4-54	Still in occupation		Rent free upto 30-6-65 Rs. 19.55 p.m. from 1-7-65.			1,627.50
11	B-12/182 Lodi Road	...	10-1-57	16-3-65	Rent free upto 30-6-65 Rs. 436.80 p.m. w.e.f. 1-7-65.	48,146.63	Calculated upto 16-3-65 viz. date of vacation.	
12	Portion of Qr. No. B-179 Nanakpur.	1-8-60	1-2-67		Rent under F.R. 45-B upto 5-10-65 @ Rs. 34/- p.m. and Market rent @ Rs. 64/- p.m. w.e.f. 6-10-65.	1,013.70		Rent charged from date of allotment.
13	Dome between Qr No. 14 and 15 Outram Square.	28-4-60	27-10-67		Rent free upto 30-6-65 Rs. 34/- p.m. w.e.f. 1-7-65.	2,111.40		
Total						3,30,210.33		11,40,045.89

## PART B.

*Details of accommodation allotted to Bharat Sevak Samaj which have not been included in the affidavit of the Director of Estates, New Delhi*

Serial No.	Particulars of accommodation	Rate and amount of rent charged before 1-7-65 (P.M.)	Market rate of rent chargeable w.e.f. 1-7-65 (P.M.)	Remarks
1	2	3	4	5
		Rs.	Rs.	
1	23, Mahadev Road, New Delhi	287.50 (Market rent)	291.40 3.90 (includes Rs. addl. rent)	Allotted to Mr. Brij Krishan Chandiwalla, Convener, Delhi Pradesh Bharat Sevak Samaj for residential purpose. (Page 62 and 85 file No. 3/116/59, Vol. I)
2	353, Pandara Road ..	..	..	Allotted to Mr. J. K. Khanna, Secretary, Central Construction Service Bharat Sevak Samaj, for residential purpose since 23-3-1954. He remained in the house for over 5 and half years and arrears of rent of Rs. 6,800/- were pending in February 1963 (Page 129 and 133 of file No. 3/116/59, Vol. I)
3	90-B Press Road, New Delhi ..	170.25	200.10	Allotted to Mr. J. K. Khanna, since 3-12-59 after his vacation of house No. 353 Pandara Road (Page 129 of file No. 3/116/59, Vol. I)
4	58-Sujan Singh Park, New Delhi.	217.60	—	Requisitioned House in occupation of Mr. Gopal Shastri Arrears of rent upto 31-12-1960 amounted to Rs. 400/- (Page 129 of file 3/116/59-Vol. I)
5	Stable behind Banglow No. 6, Aurangzeb Road, New Delhi.	..	—	Allotted vide letter No. 0476/409 E. D. IV, dated 2-2-56 for a Centre for women and children, occupied by Bharat Sevak Samaj on 8-2-56 and vacated on 30-7-62 (Page 71 and 96 of file No. 3/116/59-Vol. I). Particular of terms of allotment not known.
6	Accommodation at Punchkuin Road, New Delhi.	..	—	The building was constructed by the Bharat Sevak Samaj on their own. Whether they did constructed it with the permission of the Government and how they came into possession of the land is not known (Page 85 of file No. 3/116/59, Vol. II).
7	Kingsway Barracks ..	..	—	Stated to be under the control of the Ministry of Rehabilitation vide Hon'ble Minister of Works and Housing letter dated 2-12-65 to Mr. Brij Krishan Chandiwalla. The Minister of Rehabilitation have, however, not included it in their affidavit filed with the Commission. Terms of allotment etc. are thus not known. (Page 85 of file No. 3/116/59-Vol. II).

TABLE 16-C  
(Referred to in Para 16.56)

*Particulars of accommodation allotted to the Bharat Sevak Samaj in the Theatre Communication Building, New Delhi.*

Serial No.	Name of the Building	Room No.	Area	No. and date of letter of allotment	Date of Occupation by the Samaj	Date of Vacation	Rent that would have been recovered had no concessions been given upto 30-6-1965 or date of vacation @ Ra. 50/- per 100 Sq. ft.
1	2	3	4	5	6	7	8
			Sq. ft.				Rs. P.
1	Theatre Communication Building	27-A	457	0476/409-E.O. IV dated 22-7-52	16-7-52 (A.N.)		35,531.75
2	"	Hall & two small rooms attached to it adjoining room Nos. 9 and 10.	1-666	0476/409-E.O. IV dated 22-12-53	19-1-54		1,14,454.20
3	"	9	238	0476/409(a) E.O. IV/54 dt. 3-8-54	6-8-54	22-9-55	1,614.43
4	"	17	363	0476/409 (a) E. O. IV/54 dt. 2-2-55	4-2-55		22,669.35
5	"	19	363	0476/409 (a) E. O. IV /54 dt. 2-2-55	4-2-55		22,669.35
6	"	69	239	0476/409 (a) E. O. IV/54 dt. 15-7-55	18-7-55	6-5-57	2,574.00
7	"	70	363	0476/409(a) E.O. IV/54 dt. 15-7-55	18-7-55	6-5-57	3,926.45
8	"	Boiler room	240	0476/409(a) E.O. IV/54 dt. 15-7-55	22-7-55		14,316.00
9	"	24	363	0476/409(a) E.O. IV/54 dt. 17-9-55	21-9-55		21,296.00
10	"	86 and small go-down behind it.	322	Central B. S. S. letter No. 31/55 dt. 12-11-55			18,616.96
11	"	Small room between room Nos 24 & 25	137	0476/409(a) E.O. IV dt. 10-2-56	10-1-56		7,708.45
12	"	25	226	0476/409 (a) E.O. IV dt. 9-6-56	13-6-56 (A.N.)		12,168.03
13	"	11	363	0476/409(a) E. O. IV dt. 7-11-56	13-11-56		12,804.40

TABLE 16-C—*contd.*

Serial No.	Name of the Building	Room No.	Area	No. and date of letter of allotment	Date of Occupation by the Samaj	Date of Vacation	Rent that would have been recovered had no concessions been given upto 30-6-1965 or dt. of vacation @Rs. 50/- per 100 Sq. ft.
1	2	3	4	5	6	7	8
			Sq. ft.				Rs.
14	Theatre Communication Building.	47	601	D/20(b) E.O. IV dt. 6-4-57	18-4-57		29,579.22
15	"	56	238	D/20(b) E.O. IV dt. 6-4-57	18-4-57		11,713.57
16	"	57	363	D/20(b) E.O. IV dt. 6-4-57	18-4-57		17,865.65
17	"	58	363	D/20(b) E.O. IV dt. 6-4-57	18-4-57		17,865.65
18	"	38	250	D/20 (b) E. O. IV dated 14-9-57	1-9-57	2-3-59	2,258.33
19	"	16	238	D/20 (b) E. O. IV dated 15-10-57	15-10-57		1,011.47
20	"	13	363	D/20 (b) E. O. IV dated 24-12-57	24-12-57		16,877.35
21	"	27	238	D/20 (b) E. O. IV dated 3-2-58	1-8-57		11,305.00
22	"	9	250	3/116/59-O/C Vol. I dated 14-2-59	2-3-59		9,495.83
23	"	8	238	3/116/59-O/C Vol. I dated 18-2-59	20-2-59		9,087.63
24	"	18	470	3/116/59-O/C Vol. I dated 17-3-59	23-3-59		17,687.67
25	"	16	238	3/116/59-O/C Vol. I dated 26-5-59	5-6-59		8,671.13
26	"	48	250	3/116/59-O/C Vol. I dated 16-3-59	6-3-59		9,437.50
27	"	12	238	3/116/59-O/C Vol. I dated 23-2-60	..	23-2-60	9,163.00
28	Travencore House	15 & 16	559	0476/409-E.O. IV dated 23-7-52	23-7-52	22-1-54	5,031.00
29	Do.	14	104	0476/409 E.O. IV dated 7-10-52/30-12-52	7-10-52	22-1-54	806.84
30	4/23 Ajmeri Gate Extn.	1 room	440	0476/409-E. O. IV dated 10-7-56	9-7-56 (A.N.)		23,694.00
						Total	5,07,480.21

Exhibit No. 242-B

Filed on 11-12-72

TABLE 16-D

(Referred to in Para 16.56)

Statement showing the details of the accommodation occupied by the Bharat Sevak Samaj as on 24-6-1969

Room Number	Area in Sq.Ft.	Rent being charged	Remarks
<i>Central Office</i>			
9-A	561	Rs. 50 per 100 Sq.ft. per month	
12	238	Do.	
13	234	Do.	
16	238	Do.	
17	363	Do.	
18	470	Do.	
19	363	Do.	
24	363	Do.	
25	228	Do.	Allotment of Room No. 24 stands cancelled with effect from 31-1-68.
24-A (Small room)	135	Do.	Cancelled on 12-12-67.
3,191			
<i>Delhi Pradesh</i>			
27-A	475	Do.	
86	238	Do.	Allotment of Room No. 86 with annexe stands cancelled with effect from 13-12-67.
Small room adjoining to room No. 86	86	Do.	
Boiler from adjacent to room No. 86	240	Do.	Cancelled on 13-11-67.
1,039			
Total	4,230		

*Statement showing the total accommodation in occupation of Bharat Sevak Samaj from time to time*

Date	Central Office Area in Sq. ft.	Delhi Pradesh Area in Sq. ft.	Total Area in Sq. ft.
1953 .. ..	5,972	1,527	7,494
1-4-1966 .. ..	6,086	1,277	7,363
17-5-1966 .. ..	5,486	1,277	6,763
14-11-1967 .. ..	4,625	1,277	5,905
4-1-1968 .. ..	5,483	1,277	6,763
27-1-1968 .. ..	4,647	1,277	5,924
6-2-1968 .. ..	4,407	1,277	5,684
6-11-1968 .. ..	3,792	1,277	5,069
1-12-1968 .. ..	3,191	1,277	4,468
9-6-1968 .. ..	3,191	1,039	(—) 238
			4,230

**Exhibit No. 242-C**

**Filed on 12-12-72**

**TABLE 16-E**  
(Referred to in Para 16.56)

*Statement showing details of the room-wise accommodation—occupied in Theatre Communication Building as on 31-12-69*

Room Numbers	Area in Sq. Ft.	
9-A .. ..	561	
2 .. ..	238	
13 .. ..	234	
16 .. ..	238	Bharat Sevak Samaj (Central Office).
17 .. ..	363	
18 .. ..	470	
24 .. ..	363	
24 A (Small room) ..	135	Rent due till 30-11-72
Total ..	2,602	Rs. 74,130-10
27-A .. ..	475	Bharat Sevak Samaj (Delhi Pradesh)
Boiler Room adjacent to room No. 89 ..	240	Rent due till 30-11-72
Total ..	715	Rs. 26,782-93

**TABLE 16-F**  
(Referred to in Para [16.59])

*Statement showing particulars of allotment of accommodation—Office and residential to the Bharat Sevak Samaj*

Serial No.	Particulars of Accommodation	Details of accommodation wherever available (in sq ft.)	Date of allotment	Date of vacation of the full accommodation, if aH has not yet been vacated, the balance yet to be vacated	Whether being utilised for the purpose for which it was allotted	Whether rent assessed at market rate, if so from what date	Arrears of rent as on 31-1-1972	Arrears of rent due as on 30-11-72
Rs. P. Rs P.								
RATE OF LICENCE FEE P.M.								
1	Theatre Communication Building (BSS), Delhi Pradesh.	715 sq.ft.	16-7-52	Rs. 50 Per 100 Cft.	Market rate from 1-7-65	26,782.93*	26,782.93	
2	Club Building, (Sarojini Nagar).	Community Hall.	10-5-54	Rs. 740.50 P.M.	Do.	58,342.00	65,747.00	
3	Community Hall, (Kidwai Nagar).	Do.	28-11-58	Rs. 2,086.00 P.M.	Do.	1,64,794.00	1,85,654.00	
4	Garages No. 2, 109, 110 and 111 (North Avenue) Delhi Pradesh.	(Garages Nos. 110 and 111) (Garage No. 109)	14-12-57 1-7-61	Rs. 21.00 Rs. 26.00 Do. Do.	P.M. each P.M.	45-B w.e.f. 1-7-65 1-8-71	.. 4,967.00	.. 3,990.00
5	L-26, Bisakha Singh Building.	...	1-10-53	Rs. 78 Rs. 80	P.M. upto 30-9-71 P.M. w.e.f. 1-10-71	Market rate from 1-7-65	180.60	178.60
6	Theatre Communication Building (BSS), (Central)	2602		Rs. 50	100 C.ft.P.M. Do.		74,130.10*	74,130.10
7	Garage No. 45, 24/32, Janpath.		19-4-54	Rs. 19.55	P.M. Do.		..	..
8	B-179, Nanakpur, (Moti Bagh).		1-8-60	31-1-67	Rs. 64 P.M.		1,013.70	1,013.70
							3,30,210.33	3,57,496.33
9	Dome Between 14-15, Outram Square.		28-4-60	27-10-67	Nil Do.			
10	9, Queensway Lane ..		16-1-54	21-1-70	Nil Do.			
11	B-12/182, Lodi Colony		10-1-57	16-3-66	Nil Do.			
12	U.S.A. Pavilion, Exhibition Ground ..		1-10-63	30-9-65	Nil Market rate			
13	Janpath Barracks (Delhi Pradesh)	5,229 sq.ft.	11-7-55	9-7-65	Nil Do. w.e.f. 1-7-65			

\*Assessment was made upto 31-12-69 as the Theatre Communication Building was transferred from this Ministry to N.D. M.C. from 1-1-1970.

(Sd.) A. N. MALHOTRA,  
Assistant Director of Estate  
Govt. of India, New Delhi.  
Tel. No. 376770.

TABLE 16-G

(Referred to in Para 16.140)

*Rent received by Bharat Sevak Samaj Sarojini Nagar for the use of the building*

Serial No.	Year	Amount received as Hall charges	Amount received as building maintenance charges
		Rs. P.	Rs. P.
1	1955-56	192.00	1,200.00 Bal Mandir Nursery School.
2	1956-57	181.31	1,200.00 Do.
3	1957-58	249.00	1,400.00 Do.
4	1958-59	109.00	2,400.00 Maintenance charges increased as the Samaj had constructed a Hall and two small rooms with roof of corrugated sheets and 3 thatched bund at a cost of Rs. 3,500.00 in 1957-58.
5	1959-60	40.00	3,000.00 Do.
6	1960-61	60.00	3,000.00 Do.
7	1961-62	15.00	3,000.000 400.00 Do. Women Welfare—craft centre.
8	1962-63	50.00	3,000.00 Bal Mandir Nursery School. 600.00 Women welfare and craft centre.
9	1963-64	83.00	3,000.00 Bal Mandir Nursery School. 600.00 Women welfare and craft centre.
10	1964-65	70.00	3,000.00 Bal Mandir Nursery School. 600.00 Women welfare and craft centre.
11	1965-66	35.00	3,000.00 From Bharat Sevak Samaj Bal Mandir Nursery School. 600.00 From Women Welfare and Craft Centre. 77.00 From Bharat Sevak Samaj Cooperative Store.
12	1966-67	81.00	3,000.00 From Bal Mandir Nursery School. 600.00 From Women Welfare & Craft Centre. 91.00 From Bharat Sevak Samaj Cooperative Store.
13	1967-68	1,095.00	3,000.00 From Bal Mandir Nursery School. 600.00 From Women Welfare & Craft Centre. 84.00 From Bharat Sevak Samaj Cooperative Store.
14	1968-69	933.00	3,000.00 From Bal Mandir Nursery School. 600.00 From Women Welfare & Craft Centre. 120.00 From Bharat Sevak Samaj Cooperative Store.
		3,192.31	41,172.00



TABLE 16-H

(Referred to in Para 16.140)

*Expenditure on account of rent, rates, water, & electricity debited to various units functioning in Bharat Sevak Samaj—Club Hall Sarojini Nagar*

Serial No.	Year	Amount of Expenditure debited		Nature of Expenditure	Head viz. Unit to which debited	Source from which grant-in-aid received for activities in col. 5	Amount of grant-in-aid received in Col. 6
1	2	3	4	5	6	7	
		Rent	Service Charges (Water & Electricity)				
		(a)	(b)				
		Rs. P.	Rs. P.				Rs. P.
1	1957-58	1,400·00	180·99	Rent Water and Electricity.	Bal Mandir Nursery School, Bharat Sevak Samaj, Sarojini Nagar.	Delhi Social Welfare Advisory Board, New Delhi.	1,000·00
2	1958-59	2,400·00	200·00	Rent Water & Electricity.	Do.	Do.	1,500·00
3	1959-60	3,000·00	497·19	Do.	Do.	Do.	2,000·00
4	1960-61	3,000·00	468·61	Do.	Do.	Do. N.D.M.C., New Delhi	3,000·00 500·00
5	1961-62	3,000·00	—	Building Maintenance charged by B.S.S. Sarojini Nagar.	Do.	Delhi Social Welfare Advisory Board, New Delhi.	2,000·00
		400·00	391·78	Water and Electricity	Do.	N.D.M.C., New Delhi	500·00
				Building maintenance charges by B.S.S. Sarojini Nagar.	Women Welfare Craft Centre.	Delhi Social Welfare Advisory Board.	1,000·00
6	1962-63	3,000·00		Do.	Bal Mandir Nursery School.	Delhi Social Welfare Advisory Board.	2,000·00
			476·86	Water & Electricity		N.D.M.C., New Delhi	500·00
		600·00		Building maintenance by Bharat Sevak Samaj.	Women Welfare & Craft Centre.	Delhi Social Welfare Advisory Board, New Delhi.	840·00
7	1963-64	3,000·00		Building maintenance charged by B.S.S. Sarojini Nagar.	Bal Mandir Nursery School, Sarojini Nagar.	Do.	2,000·00
			484·76	Water & Electricity		N.D.M.C., New Delhi	1,000·00
		1,000·00		Building maintenance charged by B.S.S. Sarojini Nagar.	Women Welfare and Craft Centre.		
8	1964-65	3,000·00		Do.	Bal Mandir Nursery School, Sarojini Nagar.		
		1,000·00		Do.	Women Welfare and Craft Centre, B.S.S. Sarojini Nagar.	Delhi Social Welfare Advisory Board.	500·00

TABLE 16-H—contd.

Serial No.	Year	Amount of Expenditure debited	Nature of Expenditure	Head viz. Unit to which debited	Source from which grant-in aid received for activities in col. 5	Amount of grant-in-aid received in col. 6
1	2	3	4	5	6	7
		Rent Rs. P.	Service Charges (Water & Electricity)			Rs. P.
9	1965-66	1,000·00	Building maintenance charged by B.S.S.	Women Welfare and Craft Centre, B.S.S. Sarojini Nagar.	Delhi Social Welfare Advisory Board.	500·00
		3,000·00	Do.	Bal Mandir Nursery School, B.S.S. Sarojini Nagar.	N.D.M.C., New Delhi	2,000·00
		555·00	Electricity & Water			
		77·00	Building maintenance charges charged by B.S.S.	B.S.S. Cooperative Stores Ltd., B.S.S. Sarojini Nagar.		
10	1966-67	1,000·00	..	Do.	Women Welfare & Craft Centre B.S.S. Sarojini Nagar, New Delhi.	Delhi Social Welfare Advisory Board, New Delhi.
11	1967-68	600·00	..	..	Women Welfare and Craft Centre.	..
		3,000·00	..	Do.	Bal Mandir Nursery School.	..
12	1968-69	600·00	..	Do.	(i) Women Welfare and Craft Centre.	..
					(ii) Bal Mandir Nursery School.	..
		32,477·00	3,255·68			

TABLE 16-I  
(Referred to in Para 16.167)

*Account of Bharat Sevak Samaj Kidwai Nagar*

Year	Account of Bharat Sevak Samaj				Kidwai Nagar		Total expenditure	Balance	Remarks
	Grant from Delhi Social Welfare Advisory Board	Grant from N.D.M.C	Nursery School fees and Contributions	Women's craft centre fees & contributions	Donations contributions and misc. receipts	Total receipts			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	
1959-60	..	..	4,649.64	1,386.00	4,817.79	10,853.43	10,396.14	457.29	
1960-61	5,000.00	500.00	5,478.00	1,037.00	5,867.88	17,882.88	17,830.63	52.25	
1961-62	1,500.00	500.00	7,305.00	1,228.00	7,209.27	17,742.27	14,771.26	2,971.01	
1962-63	2,220.00	500.00	10,653.00	1,200.00	6,562.77	21,135.77	20,157.05	1,380.72	
1963-64	1,436.00	500.00	15,794.50	1,113.00	2,339.41	21,182.91	22,410.73		Deficit was met by advance of Rs. 300 for Mr. Govil and Rs. 122 from Mrs. Govil.
1964-65 (Bal Shiksha Kendra a/c.)	1,256.00	..	20,004.55	..	..	21,260.55	26,325.24	..	Deficit was met from Advance of Rs. 2,000 from BSS Kidwai Nagar and Rs. 400 from P.T. Associations.
1964-65 (BSS Kidwai Nagar a/c.)	..	1,500.00	..	1,006.00	4,671.24	7,177.24	8,406.48	..	Deficit was met by taking advance of Rs. 2,000 from Mr. Govil.
1964-66 (Holiday Camp a/c) (8-6-64 to 28-6-64)	..	..	..	..	..	3,000.00	3,076.61	..	Deficit of Rs. 76.61 was met by contribution from Slum Welfare Centre.
1965-66 (Bal Shiksha Kendra a/c.)	360.00	..	22,478.70	..	..	22,838.70	26,737.17	..	Deficit was met by following advances T.P. Association 2,400 Sh. Govil 2,200 Miss Gauri Mathur 640 5,240

TABLE 16-I—concl'd.

Year	Grant from Delhi Social Welfare Advisory Board	Account of Bharat Sevak Samaj			Kidwai Nagar		Total expenditure	Balance	Remarks
		Grant from N.D.M.C.	Nursery School fees and contributions	Women's craft centre fees and contributions	Donations contributions and Misc. receipts	Total receipts			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	
1965-66 (BSS Kidwai Nagar a/c.)	..	1,000.00	..	922.00	2,997.33	4,919.33	5,132.89	..	Deficit has been met by a receipt of Rs. 2,225 from Bal Shiksha Kender. The exact nature of this receipt has not been specified. This amount is not reflected in a/c. of Bal Shiksha Kender for 1965-66.
1966-67 (Bal Shiksha Kender a/c.)	1,500.00	..	26,351.85	..	53.70	27,905.55	27,199.16	206.39	
1967-68	..	1,000.00	..	884.00	4,333.55	6,217.55	7,019.56	..	
1968-69	..	1,000.00	..	723.00	3,109.37	4,832.37	4,675.74	156.63	
<b>Total</b>	<b>16,272.00</b>	<b>6,500.00</b>	<b>1,12,715.24</b>	<b>9,499.00</b>	<b>41,962.31</b>	<b>1,86,948.55</b>	<b>194,138.66</b>		

TABLE 16-J

(Referred to in para 16.170)

*Expenditure on account of rent, rates water & electricity debited to various units of Bharat Sevak Samaj Kidwai Nagar functioning in Community Hall Bharat Sevak Samaj Kidwai Nagar*

Serial No.	Year	Amount of expenditure	Nature of Expenditure	Unit to which debited	Source from which grant-in-aid received for activities in column 5	Amount of grant-in-aid received in column 6
1	2	3	4	5	6	7
		Rs. P.				
1	1959-60	281.66	Electricity and Water Charges.	BSS Kidwai Nagar	..	..
2	1960-61	385.68	Electricity	BSS Nursery School	Delhi Social Welfare Advisory Board, New Delhi.	5,000.00
3	1961-62	479.42	Do.	Do.	Do.	1,500.00
4	1962-63	467.38	Do.	Do.	Do.	2,220.00
		180.00	Water & Electricity	BSS Homeopathic Dispensary.	New Delhi Municipal Committee	100.00
5	1963-64	511.01	Electricity	BSS Nursery School	Delhi Social Welfare Advisory Board, New Delhi.	1,436.00
		180.00	Water & Electricity	BSS Homeopathic Dispensary.	New Delhi Municipal Committee	500.00
6	1964-65	453.39	Repair & maintenance	BSS Nursery School	Delhi Social Welfare Advisory Board New Delhi	4,256.00*
7	1965-66	1,148.97	Do.	Do.	Do.	360.00
8	1966-67	227.71	Do.	Do.	Do.	1,500.00
		4,315.22				17,272.00

\*Includes Rs. 3,000 of Holiday Camp grant.

## CHAPTER 17

### FORMATION OF CONSTRUCTION SERVICE OF THE BHARAT SEVAK SAMAJ

The Bharat Sevak Samaj was started on August 10, 1952 according to a pamphlet relating to the Central Bharat Sevak Samaj Construction Service, of October 1963, by leaders of all parties for the efficient and ordered execution of the national plans. The then Prime Minister, Mr. Jawaharlal Nehru, was its President; Mr. G. L. Nanda, who was a Minister in the Central Cabinet, was its Chairman; and Mr. J. L. Hathi, another prominent Member of Parliament from Gujarat, became its Vice-Chairman. Its objective was the mobilisation of public cooperation for the fulfilment of targets of the national plans and getting the people engaged in efforts at self-help and voluntary cooperation to supplement the Government Plans and efforts for a prosperous new India. This was considered necessary because of the effects of Non-Cooperation which had left an undercurrent of opposition to all authority. The Samaj claims "with some sense of pride and satisfaction" that it has been able to achieve success in fulfilling those functions.

17.2 The idea of Construction Service started at the Nagpur Convention of the Bharat Sevak Samaj held in March 1955 when Mr. M. D. Mithal, I.S.E. (Retd.), once a Member of the Central Water and Power Commission under the Ministry of Irrigation and Power offered his honorary services for life and also donated a sum of Rs. 5,000/-. It is claimed that since then construction work of the Bharat Sevak Samaj steadily increased both in magnitude and in technique, i.e. from simple earth moving to complicated fabricated structures and it has grown into a formidable constructing agency successfully competing with and excelling in workmanship the traditional contractors who had hitherto been associated with the construction activities under the various Ministries of the Central Government and under the State Governments.

17.3 The construction activity in Delhi area started with the Jamuna Bund in 1956 and that was under the aegis of the Delhi Pradesh Bharat Sevak Samaj. The other works taken up were in 1956—the Okhla Bund; in 1957-58 stone-pitching in the River Jamuna; in 1959

Najafgarh Nullah Project; and in 1959 Raising and Strengthening of the Shahadra Bund. They were all earth work contracts.

17.4 In 1958 building construction was undertaken by the Construction Service of the Samaj and the first work undertaken was in connection with some buildings of the 'India-1958 Exhibition'. In 1957 the Bharat Sevak Samaj took contracts of works in connection with Nagarjunsagar Project. The extent of works undertaken by the Samaj will be dealt with later. Other works undertaken by them were those in connection with the Chambal Project in Rajasthan. These were taken in the year 1955-56 but upto the year 1960 the work done was of the order of Rs. 10 lacs. Other construction works of buildings were taken in connection with Multistorey building on the Dr. Rajendra Prashad Road; a multistorey building in Faridabad, a special wing of the Willingdon Hospital and several other works which are given in Appendix III at page 15 of the pamphlet above referred to where the costs of the construction and savings to the Samaj have also been set out. They will be given when individual works are discussed.

17.5 The Bharat Sevak Samaj is a society registered under the Societies Registration Act, XXI of 1860, and it was registered at Delhi on December 17, 1952. The Commission has not been supplied with a copy of the original Memorandum of Association and the Articles of Association of the Society, but there is a copy of these documents printed at pages 382 to 392 of 34th Report of the Public Accounts Committee for the year 1964-65 which gives the constitution of the Bharat Sevak Samaj amended upto July 15, 1962. The aims and objects in the amended constitution are as follows:

"3. *Objects*—The objects of the Samaj are:—

- (i) To find and develop avenues of voluntary service for the citizens of India
- (a) to promote national sufficiency and build up the economic strength of the country,

- (b) to promote the social well-being of the community and to mitigate the privations and hardships of its less favoured sections.
- (ii) To draw out the available unused time, energy and other resources of the people and direct them into various fields of social and economic activity.
- (iii) To take all steps which are necessary for the fulfilment of the aforesaid objects."

The Samaj has not supplied any information to the Commission whether the original constitution of the society contained a provision authorising the taking up of construction activities by the Samaj. But in the amended constitution as printed in the 34th Report of the Public Accounts Committee, in the Second Schedule under the heading "Functions" the following provision appears in Schedule II, paragraph 1(d) as follows:

**"Functions:—**

1. The Samaj will render assistance:—

- (d) In construction work, including irrigation projects, and housing and rehousing of slum dwellers, specially those which have a social value, such as slum improvement, development and clearance, drainage and irrigation works in rural areas and flood protection works, and in repair work."

To repeat there is no evidence before the Commission as to when this function was created or whether it was there in the original document filed with the Registrar.

17.6 As in 1958 the construction work had expanded, a separate unit of the Samaj known as the Construction Service of the Samaj was created which is given as Appendix X at page 394 of the 34th Report of the Public Accounts Committee. It was later decided at a meeting of the National Advisory Committee on Public Cooperation in the Planning Commission to reorganise the Bharat Sevak Samaj Construction Service. This was on November 22, 1961, and the new scheme is given as Appendix XI in the same report, and both of these Appendices X and XI have been attached to this Report as Annexure Nos. II and III.

17.7 It appears that originally there was no power of borrowing either in the Memorandum of Association or in the Articles of Association. When the Samaj in July 1958 applied to the Ministry of Irrigation and Power for a loan, an objection was raised that it had no power of borrowing and the Samaj then amended its constitution, and a paragraph 13 (A) relating to powers and duties of the Administrative Committee of the Samaj was added. It made this Committee responsible for the execution of policies and programmes of the Samaj; for administering the funds of the Samaj as well as other monies placed at its disposal for specific objects. In the case of properties it made provisions in regard to the movable and immovable properties of the Samaj and gave power to the Samaj to enter into contracts on behalf of the Samaj and to borrow loans or secure payments of any money for the purpose of the Samaj. Other provisions contained therein are ancillary and are not necessary for the purposes of this discussion.

17.8 Another paragraph was added in the Articles of Association was paragraph 15 (A), which related to the property of the Samaj and contracts in relation thereto.

17.9 In the constitution of the Construction Service of the Bharat Sevak Samaj in paragraph 13-A (d) it was provided that the funds for this Service were to include "borrowed funds." It would be relevant to mention at this stage that a lacuna as to the power to borrow which was pointed out by the Ministry of Irrigation and Power to the Samaj in December 1958 was thus removed. The upshot of this discussion is that the power to borrow was not in the Memorandum of Association or in the Articles of Association as originally filed but were brought in by an amendment later in the Articles of Association.

17.10 Similar amendments were made in paragraph 15 (A) which also seems to have been added later. This was under the heading "Property of the Samaj and contracts etc. in relation thereto".

17.11 The Samaj has not given the dates when these amendments were made but a file of the Ministry of Irrigation and Power (No. 24(S)/59-Policy, at page 3/correspondence) shows that these amendments were made at a special meeting of the General Council of the

Bharat Sevak Samaj held on February 12, 1959 at which there were present besides 13 members of the Samaj, 5 others who do not appear to be members but in what connection and how they were present at a special meeting is not clear and of this amendment the Ministry of Irrigation and Power was informed on February 24, 1959.

17.12 The objectives of the Construction Service were the following:—

- (i) to mobilise and make full and efficient use of voluntary service of the people in construction projects and local development works in rural and urban areas;
- (ii) to ensure the observance of satisfactory standards of work and workmanship in construction;
- (iii) to secure and promote honest dealings in the working of the construction industry;
- (iv) to develop the cooperative spirit and organisation among construction workers and to improve their living and working conditions;
- (v) to raise the level of efficiency of the construction industry;
- (vi) to raise resources for activities designed to promote the economic and social well-being of the people in rural and urban areas; and
- (vii) to take all such steps which are necessary for the fulfilment of the aforesaid objectives.

17.13 According to the constitution which laid down the structure of the Construction Service, Bharat Sevak Samaj consisted of a Central Service and Regional Branches which were to be formed from time to time. For the Central Construction Service there was a Central Advisory Committee and Central Managing Committee which consisted of a Chairman appointed by the President of the Bharat Sevak Samaj and such other members as were appointed by the Administrative Committee of the Bharat Sevak Samaj. The total number were not to exceed 25. The Managing Committee was to consist of the Chairman appointed by the President of the Bharat Sevak Samaj and some other members of the Administrative Committee not less than 4 but not exceeding

six. An Advisor and a General Manager were to be appointed by the Administrative Committee, the former was to give advice to the Managing Committee but the day-to-day management was left to Central Managing Committee. The General Manager was to be the Chief Executive Officer. The constitution also provided for the formation of Branch Services and Committees and Pradesh and District Committees. A detailed procedure was laid down for the recognition of these Pradesh and District Committees. They also were not to have less than 4 and not more than 9 members, and a Manager was to be appointed of each Branch Construction Service who was either to be an Engineer or a Contractor of Standing. Detailed instructions regarding the formation of these Committees were issued on July 2, 1959. Upto the end of March 1960 Pradesh Committees were organised in 11 States and District Committees in 15 Districts which rose to 73 Construction Committees out of which 14 were Pradeshes and the rest were Regional or District Committees and these were recognised by the Managing Committee of the Central Construction Service. In the year 1968 Central Construction Service was converted into a registered company under Section 25 of the Indian Companies Act. It appears that the State Units have also been registered as separate companies.

17.14 The Administrative Committee of the Bharat Sevak Samaj decided that the allocation of surplus from any works undertaken would be as given in paragraph 6.6 of Exh. 18 as follows:—

(a) The Central Construction Service would be as follows:—

- 25% towards Special Depreciation and Equipment Reserve;
- 25% for welfare activities of the Bharat Sevak Samaj Branch in the local area where the work is carried on;
- 50% General Reserve, out of which 25% would be ploughed into a capital reserve for the service and 25% would be utilised for other purposes.

(b) A Branch Construction Service would be as follows:—

- 25% to the Central Construction Services;
- 25% Special Depreciation and Equipment Reserve;



50% General reserve, out of which 25% would be ploughed into a Capital Reserve for expansion etc., and 25% would be utilised for other purposes.

17.15 In order to ensure income for running the Central Construction Service it was decided that 2½% of the payments received from the works done anywhere in the country under the auspices of the Bharat Sevak Samaj would be paid to the Central Office.

17.16 The question of legality of constituting a Construction Service by an organisation which is registered under the Societies Act of 1860 which deals with literary, scientific and charitable societies and which in its preamble sets out the objectives of the Act can hardly be said to cover commercial activities such as taking of contracts, and no case has been cited before this Commission showing that any such Society other than the Bharat Sevak Samaj has undertaken such activities, and certainly it is difficult to imagine that a body corporate would be authorised to borrow when its Memorandum of Association did not so allow. This matter has been discussed at length in a later chapter dealing with loans but at this stage it may only be necessary to set out the objects of the constitution of the Bharat Sevak Samaj which are given in clause (3) of the Constitution of the Bharat Sevak Samaj as follows:—

- “(i) To find and develop avenues of voluntary service for the citizens of India (a) to promote national sufficiency and build up the economic strength of the country, (b) to promote the social well-being of the community and to mitigate the privations and hardships of its less favoured sections.
- (ii) To draw out the available unused time, energy and other resources of the people and direct, them into various fields of social and economic activity.
- (iii) To take all steps which are necessary for the fulfilment of the aforesaid objects.”

17.17 It is difficult to give such a wide amplitude to the meaning of the word used in the objects i.e. to develop avenues of voluntary service or to promote national sufficiency

and build up economic strength of the country to cover taking of contracts by the society either from the M.E.S. or from the Irrigation and Power Ministry or from Works, Housing and Supply Ministry or to act as an ordinary commercial agency for doing contract work.

17.18 In the Articles of Association functions are set out under clause (4) which refers to Schedules I and II and in Schedule II sub-clause (d) of Clause (1) construction work, irrigation projects etc. are mentioned but the functions of the Samaj were only to render assistance and not to act as contractors. The Commission is at a disadvantage at this stage because the Samaj has not placed the original Articles of Association nor shown when the various articles were amended.

17.19 As a matter of fact the Ministry of Works, Housing and Supply was itself doubtful as to the competence of the Samaj to take construction work which is shown by a note dated December 2, 1958 of a Joint Secretary at prepage 34—36 of File No. Cont-32(95)/58-Vol. I. The Joint Secretary raised the following questions:—

- (1) What is the technical capacity of the Samaj to undertake building works;
- (2) What are the resources of the Samaj to handle works at such large volumes;
- (3) on what rate should the work be awarded, if at all;
- (4) what is the legal position of the Samaj in regard to the acceptance of tender and execution of agreement?

The following extracts from the note would be relevant:—

- “(4) In so far as the legal position is concerned, the constitution of the Bharat Sevak Samaj does not provide for accepting any contracts such as these. It is, however, stated in the minutes of the meeting held in the Chief Engineer's meeting that they would be prepared to sign the agreement in the usual form and adhere to all the conditions laid down therein. It is not understood how the agreement would be considered valid when the Bharat Sevak Samaj are not legally empowered to enter into contract. It would be open to serious audit

objection if a contract is signed with a party who is not legally empowered to execute such an agreement”.

17.20 On this there is a note by the Secretary dated December 3, 1958 to the effect that Mr. G. L. Nanda, the Minister for Planning had again spoken to him and was anxious for an early decision and the suggestion was that Mr. Mithal, the Engineer incharge might be called to discuss the details at which certain other officers of the Ministry should be present. But there is nothing at all in the note with regard to the point of legality raised by the Joint Secretary.

17.21 On this Mr. A. C. Bose, Joint Secretary (Finance) suggested that the Ministry of Irrigation and Power should be asked as to how it had awarded works to the Samaj which is not a juridical *persona*.

17.22 Thereafter there was a meeting at which the Irrigation and Power Ministry was represented and the Samaj was asked to clarify the position, but there is no mention on the record that the law Ministry was consulted and the question of legality raised and decided. As a result of this meeting the Samaj was asked by the Ministry of Works, Housing and Supply to clarify these points, and their reply is given in Exh. W.H. 2 filed on the January 17, 1973. It was to the following effect:—

“No legal disability attaches to a Society registered under Act of 1860 in entering into a contract or taking up construction work. In fact the Bharat Sevak Samaj has so far undertaken a number of Government works and Projects and completed them without any objection being raised by any quarter.”

17.23 Thus, the Government officials instead of taking the proper course of consulting their Legal Advisers took the word of the Samaj and accepted the position that the Samaj was a juridical *persona* and could enter into contracts for taking construction work.

17.24 It may be mentioned that under the Indian Companies Act of 1956 and Section 25 a limited company can be formed for promoting commerce, art, science, religion or any other useful object if it intends to apply its profits in promoting its objects and to prohibit the payment of its dividends to its members. But the Samaj was not operating as a company under Section 25, but a charitable society under the Registration of Societies Act of

1860, and it is doubtful whether those societies can carry on any activity in the nature of trade or business or manufacture.

17.25 The construction activities of the Samaj started with the Kosi Project for which a decision was taken by the Central Control Board of the Kosi Project in the first meeting of December 3, 1954 which was *inter alia* attended by Mr. Gulzari Lal Nanda, the then Union Minister for Labour, Planning and Irrigation, and Chairman of the Central Samaj officials of the Ministry of Irrigation and Power, of the Central Water and Power Commission and also by Mr. J. L. Hathi who was also Union Deputy Minister for Irrigation and Power and a high office bearer of the Samaj. Thus the Committee was heavily loaded in favour of the Samaj. The records of the Bihar Government show that even before the meeting of the Kosi Control Board, the Union Minister for Labour, Planning and Irrigation Mr. G. L. Nanda had indicated that the work through public cooperation in Kosi should be organised through the Bharat Sevak Samaj.

17.26 In connection with the Nagarjunasagar Project it was Mr. M. D. Mithal, General Manager of the Bharat Sevak Samaj Construction Service and Adviser in the Ministry of Irrigation and Power who used his good offices to get a part of the work allotted to the Samaj.

17.27 In a meeting of the Coordination Board of the Ministers of Irrigation held on September 9, 1957 which amongst others was attended by Mr. G. L. Nanda and Mr. J. L. Hathi, Union Deputy Minister for Irrigation and Power, the matter of giving contract to the Samaj was considered and a brief note was prepared by the Ministry of Irrigation and Power for consideration of the Coordination Board which shows that experience of getting some work on major projects through public cooperation demonstrated that the method of work ensured a large number of benefits most important of which were the following:—

- (1) Gives employment not only to landless labourers but also to the agriculturists, who, during most of the year, are idle and unemployed. When work is done through contractors only professional labour is attracted and there is a certain amount of exploitation.
- (2) The work is executed at a cheaper rate, as the middleman's profit is eliminated.

- (3) It eliminates graft and other corrupt practices.
- (4) The worker is employed more or less continuously and gets more for his work through this method than through the contractors.
- (5) The method creates a feeling of national pride amongst the people, works up their enthusiasm and instils a spirit of self-confidence.
- (6) Construction of public works with their own hands brings home to the people a realisation that the Plan is their own and for their benefit.
- (7) It builds up inspiration and faith in the Government's *bona fides* and plans on the one hand, and in the people's capacity for self-improvement on the other.
- (8) It ensures better progress of work and expedites the enjoyment of benefits of the project.
- (9) It steadily brings down the social barrier, as people of all classes work shoulder to shoulder.
- (10) It ensures the achievements of targets laid down in the Second Five Year Plan, which will not be possible through the normal agency of contractors who are not fully equipped and who cannot draw people of all classes of work under them."

The Commission will not at this stage express any opinion on the correctness or otherwise of these promises.

17.28 And the Coordination Board at their meeting decided:—

"to encourage public participation in the execution of river valley projects, voluntary organisations like the Bharat Sevak Samaj, Gram Panchayats, Labour Cooperatives, etc. should be granted the following concessions:—

- (a) allotment of work at the prevailing schedule of rates without calling for tenders;
- (b) payment of advances to meet expenditure on preliminary arrangements; and
- (c) exemption from payment of earnest money or security deposit.

The Board also emphasised that checks and counter-checks should be provided to ensure that Government funds were provided for the amenities and welfare facilities in the area concerned.

17.29 By a letter dated November 30, 1957 the Government commended this decision of the Coordination Board for adoption by all the State Governments and Project Authorities.

17.30 By another letter of May 15, 1959 the Chief Commissioners of Delhi, Tripura and of Himachal Pradesh and the Governments of Madhya Pradesh, Rajasthan, Uttar Pradesh and Andhra Pradesh were informed that the Bharat Sevak Samaj had been organised for taking up work on projects and suggested that the State Governments might consider the question of utilising the agency of the Bharat Sevak Samaj to the maximum extent possible for the execution of irrigation and power projects.

#### Concession given by the Works, Housing and Supply Ministry

17.31 Mr. Brij Krishan Chandiwalla who was then the Convener of the Delhi Pradesh Bharat Sevak Samaj, took up the matter of building contracts for the Bharat Sevak Samaj. He discussed the matter with the Secretary to the Ministry of Works, Housing and Supply on March 18, 1958 and he asked for slum clearance work to be given to the Samaj on the ground that its participation would reduce construction costs; it would secure voluntary cooperation like *shramdan* etc. and it would arrange for housing to deserving slum dwellers.

17.32 The Ministry of Works, Housing and Supply sent the papers to the Ministry of Health and the latter in turn sent them to the Delhi Development Authority who returned them to the Ministry of Works, Housing and Supply on the ground that all construction work were to be executed through the Central Public Works Department. The matter was then discussed in the Planning Commission on August 21, 1958 and the Chairman of the Planning Commission pointed out that the work should be entrusted to the Bharat Sevak Samaj in preference to private contractors. He also pointed out that the work through the Samaj and other voluntary organisations would save costs as they were not profit motivated and it was decided to give the building work to the Bharat Sevak Samaj and other

voluntary organisations. The Chairman also suggested that it would be better if the Bharat Sevak Samaj Construction Service organised itself on a corporate or cooperative basis.

17.33 The files of the Works, Housing and Supply Ministry show that on September 1, 1958 the Labour and Planning Minister, Mr. G. L. Nanda, discussed these decisions of the Planning Commission with the Secretary, Ministry of Works, Housing and Supply regarding the utilisation of the services of the Bharat Sevak Samaj in construction of houses particularly of low cost houses and houses for slum dwellers. Mr. H. K. D. Tandon, his Secretary, sent a note on September 1, 1958 to the same Ministry that the work of slum clearance scheme in Delhi be entrusted to the Bharat Sevak Samaj and he suggested that the officers of the Samaj—Mr. Krishna Prasada, Mr. Brij Krishan Chandiwala and Mr. M. D. Mithal—could meet the Secretary. On November 8, 1958, the Planning Minister again spoke to the Secretary, Ministry of Works, Housing and Supply regarding giving construction work to the Samaj and informed them that the Samaj had organised its Construction Wing and it had started taking construction work with '1958—Exhibition' which was worth about Rs. 4 lacs.

17.34 The notings of the Ministry of Works, Housing and Supply show that after discussing the matter with the representatives of the Samaj, the Ministry was of the opinion that it had no experience of construction work and therefore giving it contracts without being sure about its technical competence would involve hazards and the noting of the Joint Secretary of December 2, 1958 also shows that the Samaj did not have sufficient funds and demanded advances to carry out the works and exemptions as to earnest money and security and also it wanted that the work should be allotted to it after negotiation on the basis of the lowest tender received. It also said that the constitution of the Samaj did not provide for accepting any contract for construction and so the contract would not be valid. But the Bharat Sevak Samaj expressed its willingness to sign agreement in the usual form and observe the conditions of the contract. The Ministry, however, was not sure about its legal competence.

17.35 The Secretary's note shows that Mr. G. L. Nanda had spoken to him about this matter and was anxious for an early decision and the Prime Minister had also mentioned

this matter in the Planning Commission. So he suggested a meeting of the Financial Advisor, the Joint Secretary of the Ministry and Mr. M. D. Mithal of the Samaj. Consequently a meeting was held on December 9, 1958 and the Ministry wrote to the Samaj asking them about its legal competence and also whether the Samaj could give an undertaking that it would not sublet the contract.

17.36 On December 23, 1958 Mr. N. D. Mithal of the Bharat Sevak Samaj Construction Service replied that there was no disability attached to societies in entering contracts and that the Samaj had undertaken a number of works and projects and completed them without any objection. He also gave an undertaking that the works would not be sublet, and indicated as to who would sign for and on behalf of the Samaj.

17.37 The Ministry of Works, Housing and Supply, on April 28, 1959, issued orders for giving the works to the Samaj and communicated the order to the Chief Engineer. The conditions imposed were that

- (i) there was a limit on earth work of Rs. 5 lacs;
- (ii) on slum clearance of construction of Rs. 1 lac;
- (iii) no earnest money or security deposit was to be taken;
- (iv) an additional advance of 25 per cent was to be given and recovered according to the formula there laid down; and
- (v) when the rates of the Samaj were lower than the estimated cost to the extent of 1/8th of the total estimated cost, there would be a reduction or some concession about interest if the advances were repaid or adjusted against running bills within 6 months.

17.38 Even before the orders of April 28, 1959, Mr. P. P. Aggarwal, ICS, Joint Secretary in the Planning Commission, wrote to the Works, Housing and Supply Ministry that *prima facie* there was no necessity for prescribing a ceiling limit as the Samaj would not undertake any work unless it was capable of executing it. He also wanted that the decision taken by the Ministry of Works, Housing and Supply regarding concession be communicated to the subordinate organisations

for implementation and to the State Governments for adoption and thus a copy of these concessions and orders was sent to subordinate offices on July 1, 1959. In this manner the Samaj got these concessions from the various State Governments and governmental agencies.

17.39 The Sub-Committee of the Coordination Committee on Public Cooperation in the Planning Commission, on March 13, 1961, discussed the advisability of giving contracts to the Bharat Sevak Samaj and other voluntary agencies and it was suggested that the rates given to the Samaj should be adequate and workable and works be given by negotiation, tender and work order system and that should be the criterion for giving of works.

17.40 In that meeting, Mr. G. L. Nanda explained the objectives of the Bharat Sevak Samaj regarding the construction programme undertaken by Government, which, according to him, were wider than the mere elimination of contractors because it would relieve the Government of its responsibility for finding finances for considerable portion of social welfare work. The Samaj has not shown that it achieved this objective wholly or partially. The Samaj was to be considered an ancillary agency available to Government and they and other voluntary organisations should not be discouraged on account of deficiencies and weaknesses. Mr. Nanda also wanted that the rates given to the Bharat Sevak Samaj should be *prima facie* workable. The matter was then discussed in the Sub-Committee and it recommended—

- (i) the work should be given on the basis of schedule rates; increase or decrease on a percentage basis; and the schedule to be kept up-to-date.
- (ii) work should be given on work order basis.
- (iii) there should be no ceiling on the work to be given to the Samaj excepting its own capacity to undertake it.

Revised orders on the basis of these decisions were to be issued by the Ministry of Works, Housing and Supply.

17.41 On April 28, 1961, a meeting of the Planning Commission, the Ministries of Works, Housing and Supply and Finance and of the Bharat Sevak Samaj representatives was held to discuss the works allotted to the

Bharat Sevak Samaj by the Central Public Works Department and it was decided that a preference rate of a small percentage might be given to the Bharat Sevak Samaj and the Labour Cooperative Societies enabling them to build up the organisation in the initial stages. So, the organisation of the Samaj was to be built up by the Government giving enhanced rates.

17.42 It was also decided that there should be no ceiling on the quantum of earth work to be entrusted to the Samaj and as regards building works, the Bharat Sevak Samaj was competent to undertake building works beyond the limit of Rs. 1 lac as an 'A' class contractor, Mr. Mangal Das Verma, was associated with their work at Bombay and the works of other units be considered on merits. On September 23, 1961 orders were issued removing the ceiling of Rs. 5 lacs and Rs. 1 lac for earth work and building construction works respectively in the case of the Bharat Sevak Samaj.

17.43 On September 18, 1961, Mr. G. L. Nanda, who was then the Planning Minister, wrote to the Minister for Works, Housing and Supply that it would be necessary to continue the facility of giving advances or loans to the Bharat Sevak Samaj for the works taken by it but in the matter of recoveries a modification should be made as otherwise it would create financial difficulties for the Samaj which will result in delay in the execution of the works. He wanted revised orders to be issued removing the ceiling.

17.44 Accordingly, on November 9, 1961, the Ministry of Works, Housing and Supply issued orders that work be given to the Bharat Sevak Samaj according to its capacity and concessions in the nature of earnest money, or security deposit and initial loan of 25 per cent or the maximum of Rs. 1 lac were also to be given half at the start and the other half after the 25 per cent of the work had been done. It was recoverable in instalments, half after 50 per cent of the work had been done and the other half after 75 per cent had been done. These, in short, were the concessions which were given by the Ministry of Works, Housing and Supply.

17.45 Evidently, when the matter came to the notice of the Accountant General, Commerce, Works and Miscellaneous, he objected

to the concessions given on the grounds of lack of adequate security, the risk of abandonment of work, substandard execution and delayed completion of work. Similar objections were raised regarding unsecured loans to the Samaj on the ground that that was indirect financing of the Samaj in its contract work.

17.46 On January 4, 1963, Mr. Mehar Chand Khanna, who was then the Minister for Works, Housing and Supply wrote to Mr. G. L. Nanda that the Accountant General's objections were important and he had discussed the matter with the Finance Minister who was in agreement with the objections raised. While there might be some argument in favour of not demanding earnest money or security deposit from the Samaj, there was no valid ground for giving unsecured loans by way of advances for financing the works and he was therefore of the opinion that giving of advances be discontinued.

17.47 On February 6, 1963, Mr. G. L. Nanda replied to Mr. Mehar Chand Khanna saying that the pending bills were larger than the advances; there were sufficient safeguards against cessation of work, delay or substandard work. The work by the Bharat Sevak Samaj was economical and as a consequence of the Samaj, the rates of the contractors had been lowered or reduced and therefore the concession be continued and the Samaj be strengthened. He also suggested a meeting of the Secretary to the Ministry of Works, Housing and Supply, Programme Advisor in the Planning Commission and representatives of the Finance and Audit. This meeting was held on April 5, 1963 and it was there explained that the entry of the Samaj in the field of construction contracts had resulted in economy but the representative of the Audit wanted this matter to be verified.

17.48 It also appears from the file that to decide the matter, the representative of the Accountant General wanted to know—

- (i) the basis on which the market rates of the work given to the Samaj were worked out; and
- (ii) if the market rates were indicated by the calling of the tenders for similar works in the same locality, the particulars of the works and rates tendered should be ascertained.

17.49 On July 30, 1963, the Ministry for Works, Housing and Supply wrote to Mr. G. L. Nanda saying that the information asked for by the Audit about savings to the exchequer had not been supplied. On July 14, 1964 the matter was again discussed at a meeting between the representatives of the Ministries of Works, Housing and Supply and the Finance and of the Planning Commission. Some information was given to the Audit but the objection of the Audit was that no attempt had been made to find out the market rates and that the economy effected should be examined and assessed by an independent agency.

17.50 On May 26, 1965 orders were issued by the Ministry of Works, Housing and Supply cancelling the various concessions extended to the Bharat Sevak Samaj but the concessions already given were allowed to remain undisturbed for the works already allotted. So that the order was to operate *in future*.

#### **Concession given by the Railways to the Bharat Sevak Samaj**

17.51 The Railway Minister, Mr. Jagjivan Ram, on October 13, 1959, wrote to the State Convener of the Bihar Pradesh Bharat Sevak Samaj that earth work contracts upto the limit of Rs. 5 lacs could be given to the Samaj on the following conditions—

- (i) the rates were not to exceed those given for similar works in the area to other contractors; and
- (ii) the Samaj need not submit tenders nor deposit earnest money or security but no initial advances were to be given to the Samaj for commencement of works.

A copy of this letter was sent to all the Railways.

#### **Concessions given by the various States**

17.52 Pursuant to the instructions given by the Ministries of Irrigation and Power and of Works, Housing and Supply and the Planning Commission, the various State Governments issued orders giving various concessions to the Bharat Sevak Samaj and they were as follows:—

##### **Madhya Pradesh**

On October 20, 1959 orders were issued by the Madhya Pradesh Government giving

the following concessions to the Bharat Sevak Samaj in the matter of construction contracts:—

- (1) Contracts may be awarded to the Bharat Sevak Samaj at the current schedule of rates without calling for tenders.
- (2) The Samaj may be exempted from payment of earnest money or security.
- (3) Advances may be granted to the Samaj when required at the discretion of the authority awarding the contract for making preliminary arrangements in proportion to the value of work to be executed subject to the condition that such an advance does not exceed Rs. 5,000/- for any one work.

#### *Andhra Pradesh*

On October 16, 1958 the Andhra Pradesh Government issued orders giving the following concessions to the Bharat Sevak Samaj in the districts of Telengana area in respect of minor irrigation works entrusted to them:—

- (1) The Minor Irrigation works in the Telengana area should be let out to the Bharat Sevak Samaj on negotiation, dispensing with tenders upto an amount of Rs. 25,000/-.
- (2) An advance so paid shall be recovered at the rate of 20 per cent of each bill. The bulk of advance shall be repaid at the end of the working season failing which no fresh advance will be sanctioned.
- (3) An advance to the extent of 10 per cent of the estimated cost of the work entrusted in each district shall be paid to the Bharat Sevak Samaj.
- (4) The Bharat Sevak Samaj shall be exempt from payment of earnest money and further security deposit on all the Minor Irrigation works undertaken by them under this programme.
- (5) A recovery of 4 per cent from each bill shall be effected and set apart for community development programme by the Bharat Sevak Samaj.
- (6) The Bharat Sevak Samaj shall execute the works at 5 per cent less than

the estimated rates as a general principle. While entering into agreement for individual works, the rates for individual items in the schedule will be shown 5 per cent less than estimated rates for that item.

- (7) Monthly payments of bills shall be made to the Bharat Sevak Samaj according to the standard practice in the Public Works Department.
- (8) The Bharat Sevak Samaj will have to refer to the estimates and plan before signing the agreement bonds for individual work in the concerned Division.

The Government also delegated further powers to the Executive Engineers to dispense with tenders for estimates coming upto Rs. 25,000/- when the work was entrusted to the Bharat Sevak Samaj.

#### *Rajasthan*

On July 29, 1960, the Rajasthan Government issued orders permitting the allotment of works of the estimated value of not more than Rs. 1 lac to the Bharat Sevak Samaj subject to the following conditions:—

- (i) The Bharat Sevak Samaj will be exempt from the payment of earnest money or security deposit.
- (ii) The work will be given to the Samaj on work order basis, i.e., the work allotted to them by the department will be carried out on rates not exceeding the schedule rates prescribed in the Circle or Project.
- (iii) The works to be allotted to the Samaj will be of the following types:—
  - (a) Earth work.
  - (b) Rock cutting.
- (iv) The authority competent to accept tenders in respect of the work will decide whether a particular work should or should not be allotted to the Samaj taking into account its capacity to undertake the work in the particular area.
- (v) The authority mentioned in para 4 will also decide whether any advance should be allowed to the Samaj in respect of any work, but such advance shall not exceed the estimated cost of work to be executed in a

month or 25 per cent of the total estimated cost of the work whichever is less and shall be adjusted by deduction from the running bills in not more than 3 equal instalments and in any case before the final bill is paid. Such advances shall bear interest at 4 per cent per annum.

#### *Uttar Pradesh*

From the minutes of a meeting held on September 11, 1963 under the Chairmanship of the Chief Minister to consider proposals for utilising the services of the Construction Service of the Bharat Sevak Samaj it is seen that the Uttar Pradesh Government also decided to—

“allot works to the District Units upto Re. 1 lac each and to the Pradesh Unit upto Rs. 5 lacs after calling for tenders. No earnest money and security deposit were to be recovered from the Bharat Sevak Samaj and work advances were to be given not exceeding 1/4th of the estimated cost of the works in two instalments half on the start of the work and the remaining half after 25 per cent of the work had been completed. The recovery of the amount of loan together with interest thereon was to be effected in two instalments half after 50 per cent of the work was completed and paid for and the balance after 75 per cent of the work was completed and paid for. Uttar Pradesh Government also decided to sanction loan of Rs. 5 lacs to the Samaj for purchase of machinery etc.”

#### **Role of the Planning Commission in getting concessions for the Bharat Sevak Samaj in the matter of construction contracts**

17.53 The Draft Outline of the Third Five Year Plan had made the following recommendations:—

“Excessive dependence on contractors should be avoided by organising work departmentally in areas where contractors are not available or tend to quote very high rates, payment to departmental labour being made on the basis of outturn of work. Labour co-operatives and voluntary construction agencies which are equipped for construction work should

be encouraged and assisted in taking up construction works”.

“Voluntary organisations which are equipped for construction work can play a useful part in reducing construction costs. The work done by the Bharat Sevak Samaj at the Kosi, Nagarjunasagar and elsewhere has shown that the participation of voluntary bodies can make for economy and provide satisfaction to workers, besides augmenting resources for providing local amenities. Work on these lines should be extended in different parts of the country”.

17.54 These recommendations were considered and discussed in the Planning Commission and the Ministry of Irrigation and Power and with the State Governments in October–December, 1960 when the State Plans were discussed and finalised.

17.55 The Sub-Committee of the Coordination Committee on Public Cooperation at its meeting held on the 28th April, 1960 under the Chairmanship of Dr. A. N. Khosla, Member, Planning Commission sought information from the Ministries of Irrigation and Power, Works, Housing and Supply, Community Development and Cooperation, Railway, Transport and Communication about the extent of the construction programmes which could be executed through the agency of voluntary organisations, the procedures to be adopted, the facilities to be extended to them, the nature of the machinery for settlement of disputes to be set up and suggestions of the Ministry for giving enough works annually to such organisations.

17.56 Replies were received from the various Ministries on these points and recommendations were also received from the Secretary of the Committee on Plan Projects (Mr. Inderjeet Singh). The latter had suggested certain relaxations in the existing procedure which included that the work should be awarded to voluntary organisations on the basis of schedule of rates increased or decreased by a percentage to be decided by the competent authority, the works should be awarded on work order basis, security deposits at the appropriate rates could be recovered except in the case of organisations which were exempted from the payment of such deposits and more powers should be delegated to the Superintending Engineers and Executive Engineers regarding settlement of



rates on account of deviations and advance payments should be made in order to avoid delay in payments.

17.57 A meeting of the Sub-Committee of the Coordination Committee on Public Co-operation of Construction Programmes of Voluntary Organisations was held in the Planning Commission on March 30, 1961. It was attended by Mr. G. L. Nanda, Mr. L. N. Mishra, both were Ministers, officials of the Planning Commission and the various Ministries of the Government of India and of the State Governments. Mr. Nanda in his address before this Committee pleaded for—

- (i) putting a time limit within which all payments for work done should be completed;
- (ii) allotment of Works to voluntary organisations like Bharat Sevak Samaj on rates which were both adequate and workable;
- (iii) the objectives to be served by using an organisation like the Bharat Sevak Samaj for executing construction programmes undertaken by the Government were far wider than the mere elimination of the contractors. There would be substantial relief to the Government of its responsibility for finding finances for considerable portion of social welfare work;
- (iv) the voluntary organisations have to be viewed as an auxiliary agencies available to Government along with other bodies set up in the public sector like the National Projects Construction Corporation and the National Building Construction Corporation;
- (v) while no undue consideration should be shown to voluntary organisations initial deficiencies and weaknesses should not be made a reason to discourage them;
- (vi) another consideration to be borne in mind was that the Bharat Sevak Samaj was as much a public agency whose methods of work, accounts, etc. were open and available for close scrutiny by the officials. Officials should now advise these organisations as to how they should function;

(vii) these organisations were receiving loan assistance from the Government and it was as much the responsibility of the official agency entrusting works to them to ensure that these loans were properly utilised and repayments were made in time;

(viii) no limit should be put on the quantum of work to be entrusted to voluntary organisations like the Bharat Sevak Samaj;

(ix) work should be entrusted by all the three methods of

(a) negotiations;

(b) tender; and

(c) work order system.

though the Minister preferred the work order system.

17.58 In this meeting of the Sub-Committee Mr. D. Mukerji, Chief Engineer of the Kosi Project who represented Bihar Government pointed out that the Bharat Sevak Samaj was neither equipped to handle works like canal structures or manufacture of bricks for which the Government required their assistance nor were they willing to come forward and take up works where the Administration wanted them to do. They preferred to pick and choose and wanted work mainly in those areas where they were able to mobilise local labour. Another difficulty was the lack of time-consciousness in the organisation with the result that they were very often unable to complete the works within the target date of time schedule. On the question of comparative costs Mr. Mukerji stated that for the "coming" season some of the works had been awarded to the Bharat Sevak Samaj at rates higher than those given to the contractors.

17.59 The Sub-Committee recommended:—

- (1) A list of organisation was to be compiled showing an assessment of their capacity to take up works.
- (2) The Project Authorities should indicate well in advance the magnitude, types and specified works that could be awarded to such organisations.
- (3) Works were to be allotted on the basis of schedule of rates increased or decreased by a percentage to be

decided by the competent authority. The schedule of rates should be kept up-to-date.

- (4) The works were to be awarded on work order basis.
- (5) Security deposits at appropriate rates could be recovered from the bills unless the organisations were exempted from payment of security deposits.
- (6) More power was to be delegated to the Superintending Engineers, Executive Engineers in order to avoid delay in the settlement of rates on account of deviations.
- (7) "On account" payments were to be made to avoid delay in payment.

17.60 The Committee suggested that the Planning Commission should communicate these recommendations to all the State Governments and Central Ministries for implementation. They also suggested that in respect of works entrusted to the Bharat Sevak Samaj by the Central Public Works Department the limits of Rs. 1 lac and Rs. 5 lacs for building works and earth work respectively should be removed.

17.61 On July 10, 1961 the Prime Minister wrote to the State Chief Ministers pointing out that the methods of construction through contractors were needlessly expensive and the works could be done more economically and with a considerable savings of money through other agencies and he had the Bharat Sevak Samaj in mind which had done remarkably well in works of various kinds from building dams to constructing buildings. He recommended the Bharat Sevak Samaj for entrustment of works as they had a good deal of experience and competent persons.

17.62 On August 24, 1961 the Planning Commission also wrote to the various State Governments communicating the recommendations of the sub-Committee of the Coordination Committee on Public Cooperation made in this meeting held on March 13, 1961. While commending these recommendations for adoption to the State Governments they wanted the facilities to be extended only to well-established and active organisations and also pointed out that the Planning Commission had a provision of Rs. 10 lacs for giving financial assistance to voluntary organisations for the purchase of equipment and working capital. They wanted the State Governments to inform

the Planning Commission of their requirement of loan assistance to voluntary organisations. They also wanted to be informed of the action taken in pursuance of the recommendations of the sub-Committee of the Coordination Committee on Public Cooperation.

#### **Technical Assistance made available to the Bharat Sevak Samaj**

17.63 The records of the Planning Commission and of the Bharat Sevak Samaj show that the services of the Director Construction in the Planning Commission, Director, Public Co-operation, Financial Adviser, Research Officer and other staff attached to the Construction and Public Co-operation Divisions in the Planning Commission were freely available to the Bharat Sevak Samaj for all its construction activities. For some time the services of Mr. M. D. Mithal who was an Adviser in the Ministry of Irrigation and Power were also available to the Bharat Sevak Samaj. The role played by these officials in the working of the Bharat Sevak Samaj has been discussed in the different chapters.

17.64 Apart from these officials whose salaries are debited to the Planning Commission or to the Ministries, the Government of India also placed the services of some technical and Accounts personnel on a deputation basis at the disposal of the Bharat Sevak Samaj. The names of the technical personnel who were placed at the disposal of the Bharat Sevak Samaj and the period for which they were on deputation are given in the Table 17-A.

17.65 The abnormal course adopted by the Government in placing the services of its officials at the disposal of the Bharat Sevak Samaj who were entrusted with the construction contracts has definitely weakened the controls which the Government departments could exercise over the Bharat Sevak Samaj as a contractor. This extraordinary concession gives additional proof of the fact that the Bharat Sevak Samaj was not an ordinary but was a privileged Contractor.

The foregoing discussion of the record shows that:

17.66 (i) The aims and objects of the Bharat Sevak Samaj given in its constitution make no provision authorising the Samaj to take up any commercial activity or construction contracts. But in spite of this want of power, from 1954 the Samaj was taking construction contracts.

(ii) The objects clause of constitution of the Samaj (cl. 3) did not give any power even for borrowing but later a clause (cl. 13A) was added in the constitution to give power to the Bharat Sevak Samaj to borrow but this power was not contained in the clause which contains the objects and defines the aims of the society (cl. 3). This addition was made in order to enable the Ministry of Irrigation and Power to give loans to the Bharat Sevak Samaj for its constructional activities. But the records of the Government of India do not show that any scrutiny was done of the legal competence of the Bharat Sevak Samaj to take up construction activities or to borrow loans before the Government actually sanctioned loans to the Bharat Sevak Samaj or gave it contracts. The Samaj also framed a separate constitution for its Construction service in 1958 but that cannot enlarge the powers given in the objects clause. Later a separate construction Service was formed but this was not got registered and was therefore a part and parcel of the Bharat Sevak Samaj till the year 1968 when the Construction Service was registered as a separate company under S. 25 of the Companies Act.

(iii) In 1958 when the question of extending certain concessions to the Bharat Sevak Samaj was examined by the Ministry of Works, Housing and Supply, a question was raised by a Joint Secretary in the Ministry about the legal competence of the Bharat Sevak Samaj to take up construction works. But this point was not pursued as the Minister of Planning was pressing for the finalisation of the details of the concessions to be given to the Bharat Sevak Samaj. Thus, pressure of the Ministry led to taking action without enquiring into the legality of the transaction or of the competence of the receiver of concessions to receive them.

(iv) The Bharat Sevak Samaj was inducted into the construction field in the Kosi Project where it was nominated as the agency for enlisting public cooperation by the Minister for Planning (Mr. G. L. Nanda) who was at that time in charge of the Ministry of Irrigation & Power also. This was in the year 1954. The Samaj was later allotted contracts in the Nagarjunasagar, Chambal, and some projects

in and around Delhi which consisted mainly of earth-work.

(v) Later in September 1957 the Ministry of Irrigation & Power convened a meeting of the Coordination Board of the Ministers of Irrigation & Power at the Centre and the States and "commended" the execution of major projects through the Bharat Sevak Samaj and other voluntary agencies and on the recommendations of this Board, the Ministry wrote to the various State Governments and "Project Authorities" for extending certain concessions to the Bharat Sevak Samaj in the matter of allotment of work at the prevailing schedule of rates without calling for tenders, payment of advances to meet the expenditure on preliminary arrangements and exemption from the payment of earnest money and of security deposit.

(vi) As a result of the initiative taken by the Planning Commission the Ministry of Works, Housing & Supply in 1959 issued orders giving concessions to the Bharat Sevak Samaj, such as allotment of earth works upto Rs. 5 lacs and of slum clearance construction works upto Rs. 1 lac, non-recovery of earnest money and security deposit, and the grant of initial advances of upto 25 per cent of the value of the contracts. These limitations for entrusting works to the Bharat Sevak Samaj were also subsequently removed in 1961 at the initiative of Mr. G. L. Nanda, the Planning Minister.

The concessions extended to the Bharat Sevak Samaj were withdrawn in May 1965 after the Public Accounts Committee adversely criticised the giving of these concessions.

(vii) The Ministry of Railways also issued orders in October 1959 for giving earth-work contracts upto the limit of Rs. 5 lacs to the Bharat Sevak Samaj without calling for tenders at the rates given to other contractors for similar works and also for waiving the recovery of earnest money of security deposit.

(viii) As a result of the initiative taken by the Ministry of Irrigation & Power and circular letters issued by the Planning Commission and the various State Governments also issued orders more or less similar to those issued by the Government of India.

## ANNEXURE II

(Referred to in Para 17.6)

### Constitution of the construction service of Bharat Sevak Samaj

#### 1. Origin

The Service had been sponsored by the Bharat Sevak Samaj for the furtherance of its objectives. It will function in accordance with the following Regulations adopted by the Samaj.

#### 2. Name

The name of this body shall be the Bharat Sevak Samaj Construction Service. It may briefly be described as the B.S.S. Construction Service.

#### 3. Headquarters

The Central Office of the Bharat Sevak Samaj Construction Service shall be in Delhi or such other place as the Administrative Committee of the Samaj decides from time to time.

#### 4. Objectives

The Service has been formed for the fulfilment of the following objects:—

- (i) To mobilise and make full and efficient use of voluntary service of the people in Construction Projects and local development works in rural and urban areas;
- (ii) To ensure the observance of satisfactory standards of work and workmanship in construction;
- (iii) To secure and promote honest dealings in the working of the construction industry;
- (iv) To develop the co-operative spirit and organisation among construction workers and to improve their living and working conditions;
- (v) To raise the level of efficiency of the construction industry;
- (vi) To raise resources for activities designed to promote the economic and social well-being of the people in rural and urban areas; and
- (vii) To take all such steps which are necessary for the fulfilment of the aforesaid objectives.

#### 5. Functions

To the extent resources and conditions permit, the Service may perform one or more of the following functions:—

- (i) To carry out construction works, specially those which have a social value, such as slum improvement the construction of dwelling houses, drainage and irrigation works in rural areas, and flood protection works;
- (ii) To set up a service for repair work;
- (iii) To manufacture materials, components and tools for use in construction and to represent manufacturers of building materials and components;
- (iv) To provide facilities and assistance for the formation of labour construction co-operatives and to make arrangement for supervision and guidance of their activities;
- (v) To arrange for training of construction workers and the supervisory staff;
- (vi) To make arrangements for spreading enlightenment about the projects in connection with which the service takes up any construction responsibility;
- (vii) To secure the co-operation and participation of the people and their contribution in the shape of shramdan or other forms of voluntary service in construction activities;
- (viii) To undertake and assist activities for economic and social welfare;
- (ix) To secure and develop land for any of the objectives and functions of the services;
- (x) To undertake such other activities as may be incidental to and necessary for the fulfilment of the objectives and the aforesaid functions of the service.

## 6. Structure

(A) The Bharat Sevak Samaj Construction Service (hereinafter referred to as the Service) shall be composed of a Central Service and such Regional Branches as may be formed, from time to time.

(B) The Central Service shall consist of:—

- (a) 1. The Central Advisory Committee;
2. The Central Managing Committee;
- (b) 1. The Bharat Sevak Samaj Co-operative Committee;
2. Departments for various activities;
3. Ground Organization for construction Projects and Units; and
4. The Branches shall be organised and administered in accordance with rules to be framed by the Central Managing Committee.

## 7. Central Advisory Committee

The Committee shall consist of a Chairman to be appointed by the President of the Bharat Sevak Samaj, and such other persons as may be appointed by the Administrative Committee of the Bharat Sevak Samaj from time to time.

(i) The Committee shall have the power to co-opt members not exceeding one-third of the members appointed.

(ii) The tenure of the Chairman and the Members shall be two years. They shall be eligible for re-appointment.

## 8. The Central Managing Committee

The Committee shall consist of the Chairman to be appointed by the President of the Bharat Sevak Samaj and such other persons, not less than 4 and not more than 6 as may be appointed by the Administrative Committee of the Bharat Sevak Samaj.

(i) The tenure of the Chairman and members shall be two years.

They shall be eligible for re-appointment.

(ii) The Adviser and the General Manager, appointed by the Administrative Committee shall in addition be its ex-officio members.

## 9. The Bharat Sevak Samaj Construction Co-operative Committee

The Committee shall be formed in accordance with the rules to be prescribed by the Administrative Committee of the Bharat Sevak Samaj for this purpose.

## 10. Departments

The work of the Service shall be organised in the following Departments:—

1. Administration, with the following sections:
  - (i) Correspondence and record.
  - (ii) Accounts.
  - (iii) Purchase and stores.
2. Planning, with the following sections:
  - (i) Quantity Surveying, Scheduling and Evaluation.
  - (ii) Planning, design and drawing office.
3. Operations:
  - (i) Workers.
  - (ii) Site Control.
  - (iii) Repairs.
  - (iv) Public Participation.
  - (v) Co-operation.
  - (vi) Welfare.
  - (vii) Training.

## 11. Construction Projects and Units

Organisation of the Construction Projects and units shall be in accordance with rules framed by the Central Managing Committee for this purpose.

## 12. Personnel

The Administrative Committee of the Bharat Sevak Samaj shall appoint an Adviser and a General Manager.

(2) The Adviser shall give advice to the Managing Committee on such matters as may be referred to him.

(3) The General Manager will be the Chief Executive Officer of the Service and will be directly responsible to the Managing Committee. He will be in general charge of all the Departments.

(4) Each Department may be placed in charge of a Director.

(5) The Departments and the Sections may have such technical or other staff as is laid down in a schedule to be prescribed by the Managing Committee.

### 13. Funds

(A) The Funds for the Service shall be dealt with under the following heads:—

- (a) Special Reserve Fund;
- (b) Equipment and Depreciation Reserve Fund;
- (c) General Fund;
- (d) Borrowed Funds;
- (e) Other Funds;

(B) Separate accounts shall be maintained for these funds.

### 14. The Special Reserve Fund

(a) The Special Reserve shall be made up of:—

- (i) A sum of rupees two lacs to be invested initially by the Bharat Sevak Samaj;
- (ii) Any additional amount which may be contributed by the various projects and branches of the service;
- (iii) Interest on the investment under (i) and (ii) above.
- (iv) Any other amount which may be set aside for this purpose by the Service or by the Bharat Sevak Samaj.

(b) The Special Reserve shall be used only as security for loans, for emergency payments in accordance with the decision of the administrative Committee of the Bharat Sevak Samaj. The payment thus made shall be recovered as early as possible.

### 15. Equipment and Depreciation Reserve Fund

On a scale to be prescribed by the Central Managing Committee provision shall be made for depreciation of equipment and fixed assets. This shall be made up of:—

- (i) Provision to be made from the income of each year towards the depreciation of the equipment and to other fixed assets of the service in accordance with the scale to be laid down by the Central Managing Committee.

(ii) Such sums as may be set apart by the Managing Committee for the purchase of equipment.

(iii) Sale proceeds of any item of equipment or other fixed assets.

### 16. General Funds

All surpluses derived from the operations during a year after making provision for various reserves shall be placed in the General Fund. Allocations shall be made from this fund for various purposes by the Administrative Committee of the Bharat Sevak Samaj.

### 17. Borrowed Funds

Loans from whatever source shall be handled separately. Amounts set apart for repayment of loan and the interest thereon shall be paid into this account.

### 18. Other funds

This head will cover miscellaneous receipts which may be classified.

### 19. Powers

1. The power to be exercised and duties to be performed by the various Committees shall be laid down in rules to be framed by an Administrative Committee of the Bharat Sevak Samaj.

2. The powers of the General Manager and other personnel and their duties shall be prescribed by the Central Managing Committee.

3. Matters regarding which the Administrative Committee of the Bharat Sevak Samaj may issue directions to this service shall be laid down by the Central Board of the Samaj.

### 20. Procedure

The procedure for meetings, for maintaining records and accounts and for making disbursements, and for other purposes shall be laid down by the Central Managing Committee.

### 21. Change in Regulations

The Administrative Committee may make any change in the regulations, which shall take effect from the date fixed by the Committee. Any such change will be placed for confirmation before the Central Board as soon as possible.

## ANNEXURE III

(Referred to in Para 17.6)

*Decision of the National Advisory Committee on Public Cooperation in the Planning Commission as to how the Bharat Sevak Samaj Construction Service is to be organised (meeting held on 22-11-61).*

*Reorganisation of the Bharat Sevak Samaj Construction Service*

## STRUCTURE

The Bharat Sevak Samaj Construction Service shall be composed of a Central Service and such branches as may be formed from time to time for regions, pradeshes and districts.

*Central Managing Committee*

It will have two wings. One will be the Advisory Wing and the second Executive Wing.

- (i) *Advisory*—The Advisory Wing shall be under the charge of a Chairman who would be a person of competence appointed by the President of the Bharat Sevak Samaj. The strength of the Advisory Wing will be 6 to 9 members, including the Chairman, the representatives of the CPWD and Finance Deptt. They will meet periodically, say, once in three months to lay down policies and programmes and to review their progress. They will tender general advice in respect of the nature of works to be undertaken and the rates for them. The purchase of equipment costing more than Rs. 10,000 each item would need their approval. The appointment of workers with pay of Rs. 1,000 and above would also be approved by them. For lower categories of employment and purchases, the executive wing shall take action. The Managing Advisor, the General Manager, the Regional Manager Delhi and the Accounts Officer shall be ex-officio members of Advisory Committee. The Regional Manager, Delhi will be the Member-Secretary.
- (ii) *Executive Wing*—The Executive Wing shall be under the charge of General Manager who will be the Chief Executive of the 'Service' and will be appointed by the Chairman of the Samaj. He will be in charge of all the departments.

The General Manager will be responsible to undertake contracts, arrange for their efficient execution, including making arrangements for machinery, plants and materials etc. The General Manager will organise Central Service and equip them with personnel of requisite qualifications. In this, he will be assisted by the Chairman of Advisory Wing Adviser.

The General Manager would also help to organise Construction Units in the States. In the regions and States at Project level and Distt. level etc, he would get the policy directions issued from Executive Authorities of States and projects for award of work to such units and fixing rates for them. He would also arrange to provide technical assistance and advice where called for. The financial assistance will be given in accordance with the Plan Policy. He will also exercise check over their activities for efficient and timely execution of works. In this, he will be assisted by Managing Adviser, Bharat Sevak Samaj.

Works in Delhi and around will be directly under the Central Service. The Regional Manager Delhi will be responsible for such works to the General Manager.

- (iii) *Managing Adviser*—A Managing Adviser to the Construction Service will be appointed by the Chairman. He will be a retired Engineer with special interest for voluntary work and selfless service. The Managing Adviser will head the panel of Advisers referred to in para 6. He will tender advice to the Executive Unit, help the General Manager organise Construction Units of the States and to plan out programmes. Managing Director or Director may be appointed as the Chief Executive of the service to take up functions of the General Manager referred to in this note.

## 2. Regional Units

The 'Service' will have 5 Regional Units, one located at Bombay, the second at Hyderabad, the third at Delhi, the fourth in the Eastern Region and the fifth in the North Western Region. These Regional Units will help the General Manager and the Managing Adviser in organising the service, prospecting for works and developing the 'Service' on efficient lines. They will also be responsible to tender advice to Construction Committees in their regions. The Engineer in charge of Regional Units will be persons of experience, standing and repute. The expenditure on the units will be chargeable to the various works in the regions according to the work load.

## 3. Pradesh Managing Committees

The Pradesh Managing Committees will also have Advisory and Executive Wings. The Project Construction Committees shall have two wings in case the outturn of works to be undertaken by them is expected to exceed Rs. 15 lakhs per year. If the outturn is less than Rs. 15 lakhs per year, one committee may serve both the purposes.

## 4. Mobile Units at Centre

One or more mobile units at the Centre consisting of Senior Engineers shall be formed who can be deputed to States on demand to tender advice on matters concerning rates, technical details, taking up of contracts etc. These units will be required in the initial stages and may not be found necessary after the Third Plan period.

## 5. Finance and Accounts

- (i) To ensure that the Financial and the Accounts Procedure is carefully adhered to by all the Construction Units, experienced Finance and Accounts Officers would be attached to the Advisory Wing of the Managing Committees where formed.
- (ii) At the Centre, one or more teams each under senior Members of BSS assisted by an experienced Engineer and two Accountants shall be formed, who would regularly go round to check the accounts and works, to

bring out salient features and to suggest improvements in the executive and accounts procedures followed by the units formed in the country.

## 6. Panel of Advisers

The panel of Advisers not exceeding 7 shall be maintained give advice to the Managing Committee on such matters as may be referred to the Members of the panel. At the Centre the Managing Adviser will head the panel and preside over their meetings. The panel would include amongst others the following:

### (i) Panel at Centre

- (a) Member Works, Railway Board;
- (b) Chief Engineer, C.P.W.D.;
- (c) Representative of the Ministry of Irrigation and Power;
- (d) Representative of Ministry of Finance; and
- (e) Addl. Chief Engineer Delhi State, P.W.D.

### (ii) Panels in States

- (a) Chief Engineer, P.W.D. Irrigation;
- (b) Chief Engineer, Buildings and Roads;
- (c) Representative of C.P.W.D.;
- (d) Representative of Railways; and
- (e) Representative of Finance

## 7. Labour Arrangements

A cell for labour management will be formed at the Centre under a Labour Manager. The Manager will contact the local leaders in the area where the work is planned and the employment exchanges and arrange to import labour where needed. It will be a supplier of labour to ensure timely completion of the works undertaken.



TABLE 17-A

(Referred to in para 17.64)

Statement showing details of pay and allowances of Deputationists to Central Construction Service/Bharat Sevak Samaj as on 31-1-1965

Serial No.	Name	Designation	Function	Pay	Deputation allowance	C.C.A.	Conveyance allowance	H.R.A.	Dearness allowance	Project allowance	Leave salary contribution	Pension contribution	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Shri M.K. Sivasubramanian	Supdt. Engr.	P.M.I. Delhi works.	1,480.00	2,96.00	75.00	250.00	238.65	..	..	195.36	235.00	2,770.01
2	Shri R.K. Saha	Do.	P.M. Purnea Airfield.	1,600.00	200.00	..	..	..	..	100.00	*	*	1,900.00
3	Shri Kahairu Ram.	Executive Engineer.	S.R.E. Faridabad.	900.00	180.00	75.00	..	..	..	..	123.91	290.00	1,568.91
4	Shri J.P. Jain.	Do.	S.R.E. Multi-Storeyed Bldg., Dr. Rajindra Parshad Rd.	770.00	154.00	73.92	50.00	138.60	..	..	Not known	..	1,186.52
5	Sari Padam Sen.	Section Officer	Section Officer	240.00	80.00	25.60	15.00	48.00	66.00	..	41.66	24.66	532.88
6	Shri T. Mital.	Do.	Do.	240.00	48.00	23.40	15.00	20.00	66.00	..	24.36	Not intimated	442.40
7	Shri V. K. Maithal.	Do.	Do.	260.00	52.00	24.95	50.00	20.00	66.00	..	11.44	30.40	539.00
8	Shri H.L. Garg.	Accountant.	Accountant.	285.00	57.00	27.36	50.00	20.00	66.00	..	11.62	38.00	567.98
9	Shri B.K.	Do.	Do.	220.00	44.00	21.12	..	20.00	66.00	..	28.33	38.75	430.02
<i>Pradeshes</i>													
1	Shri Venkatesan	Assistant Engineer	Assistant Engineer, Madras Pradesh	440.00	..	..	..	..	..	..	..	..	600.00
2	Shri Siddalingiah	Do.	Assistant Engineer, Construction Wing, Bharat Sevak Samaj, Bangalore.	490.00	..	..	..	..	..	..	..	..	480.00
3	Shri B. Narayana	Supervisor	Supervisor construction Wing, Bharat Sevak Samaj, Bangalore.	296.50	..	..	..	..	..	..	..	..	296.50

N.B.:-

P.M.—Project Manager.

SRE—Sr. Resident Engineer.

\*Information not available.

## CHAPTER 18

### LOANS SANCTIONED BY THE PLANNING COMMISSION

The Bharat Sevak Samaj obtained from the Government of India for its construction activities the particulars of which are as follows:—

Serial No.	Amount of loan Rs.	Particulars of sanction	Purpose for which loan was sanctioned
1	2,50,000·00	Ministry of Irrigation and Power letter No. 24 (6) /59-Policy dated 1-12-1959.	Public Cooperation activities Irrigation and Power Projects. Sanctioned by the Irrigation and Power Ministry.
2	5,00,000·00	Planning Commission Letter No. PC/PUB/8 (46)/58, dated 12-3-60.	Purchase of machinery and equipment for construction activities.
3	5,00,000·00	No. 8/(4) /61 -Pub, dated 12-9-1961	Do.
4	2,50,000·00	Do.	Do.
5	3,30,000·00	No. 8(6)-Pub, dated 24-3-1962	Setting up brick kilns at Satbari (Delhi)
6	5,00,000·00	No. 8(15) 62 -Pub, dated 18-12-1962	Setting up brick Kilns at Hastal (Delhi).
7	10,00,000·00	No. 8(16) /62 -Pub, dated 18-12-1962	Purchase of machinery and equipment and working capital.
8	12,50,000·00	No. 19(35) /64-Pub, dated 27-3-1965	Purchase of machinery and for financing Yamuna Barrage Project.
<b>45,80,000·00</b>			

The first loan of Rs. 2.5 lacs was sanctioned by the Ministry of Irrigation & Power and the remaining seven loans by the Planning Commission. One of the specific conditions attached to the grant of the loans was that they were to be used for the specific purpose for which they were given. Whether they were so used or not will be discussed in this chapter.

18.2 In order to find out how the Planning Commission came to sanction loans to the Bharat Sevak Samaj and in order to get information about the functions of the Planning Commission *qua* the giving of the loans, this Commission asked the Ministry of Irrigation & Power as to whether giving of loans was one of the functions of the Planning Commission and in its reply the Ministry stated that the subject 'Public Cooperation in National Development' was, according to the Government of India (Allocation of Business) Rules, 1961 allotted to the Planning Commission and hence the loans were sanctioned by it.

18.3 Another question which requires consideration was that the Planning Commission is not an executing body and one should have thought that before the loans were given to the Bharat Sevak Samaj, the Ministries concerned would be asked about the quantum of loans which should be given or the needs of the Samaj for the purpose of getting help from the Government would be determined. The following questions and answers relating to the loans, which have been set out above asked from the Ministry of Irrigation & Power are relevant:—

"Q. 1. ....

Was the lending of moneys one of the approved activities of the Planning Commission?

2. Were those loans given to the Samaj to carry out its activities in the field of constructions as contractors?
4. Was the lending of moneys by the Planning Commission in accordance with the approved rules of Business

of the various Ministries and Departments of the Government?"

The reply by the Ministry was as follows:—

"1, 2 & 4. The subject "Public Cooperation in National Development" was allocated to the Planning Commission *vide* Government of India (Allocation of Business) Rules, 1961. The policy measures, specific activities and programmes which could be undertaken for the purpose of securing public cooperation and participation in National Development were spelled out in Chapter XVIII of the Third Five Year Plan. This Chapter contains recommendations made by a Committee set up in the Planning Commission about loan assistance being given for working capital and purchase of equipment to voluntary organisations like Bharat Sevak Samaj with a view to enabling them to undertake construction work. Orders for the implementation of this recommendation were issued under Planning Commission's letter No. 19(10)/61-Pub., dated 24.8.1961, a copy of which is enclosed (Annexure I). The loans were issued to the Bharat Sevak Samaj on the basis of the policy set out in the Report of the Third Five Year Plan and the above mentioned letter. The purpose of bringing voluntary organisations in the field of construction industry was to encourage public cooperation and to enable the voluntary organisations to raise their own resources and reduce their excessive dependence on Government grants."

18.4 The works the contracts for which had to be given, related to two Ministries, the Ministry of Irrigation & Power and the Ministry of Works, Housing & Supply and the question arises as to why the necessity of quantum of the loans was not determined by the Ministries concerned but by the Planning Commission. The Ministry of Irrigation & Power was therefore asked as to whether they or the other Ministries were consulted and their recommendations obtained before the loans were sanctioned. In reply the Ministry stated that the Planning Commission gave the loans on the recommendation of the Ministries and State Governments concerned but the record which has been produced does not

support this answer as far as the Ministers are concerned although in the case of the States there were recommendations by them; and that would be dealt with separately.

18.5 Another matter to be noted is that the Ministries themselves had given to the Samaj various concessions including advances to the extent of 25 per cent of the value of the contracts and therefore it appears to this Commission that loans were given not only by the Ministries concerned but also by the Planning Commission for the same set of contracts. In both cases, the loans were a provision *inter alia* for financing of construction works.

18.6 The Bharat Sevak Samaj was the only organisation which was given these loans. That may be because no other organisation has been shown to have come into the field of taking construction on contracts. But the Commission would like to remark that it is unusual for a literary, scientific or charitable society to carry on trade or business or to act as contractors and probably the Bharat Sevak Samaj was the only one which had undertaken this kind of activity although it was a society constituted under the Societies Act of 1860.

18.7 As a matter of fact, the Preamble of the Act sets out the scope of the Act and states that the object of the Act is the improvement of the legal condition of societies established for the promotion of literature, science or fine arts or for the diffusion of useful knowledge (the diffusion of political education) or for charitable purposes. The carrying out of the trade, it appears to the Commission, is not one of the objectives envisaged to be carried out by a society constituted under the Act.

18.8 When asked by this Commission, the Ministry of Irrigation & Power stated that in pursuance of the policy laid down in Chapter XVIII of the Third Five Year Plan for securing Public Cooperation and Participation of the People in National Development these loans were given by the Planning Commission to the Bharat Sevak Samaj as a voluntary cooperative organisation for the furtherance of the objectives above-mentioned. It was not a cooperative organisation. Whatever else it might have been.

18.9 The following question and answer is relevant to this issue:—

"Q. 8. Was it usual for the Planning Commission to give loans similar to the

loans given to the Bharat Sevak Samaj? What is the quantum of such assistance given to other voluntary Bodies and which were such bodies to whom such assistance was given?

- A. According to the policy laid down in the Third Five Year Plan and in Planning Commission's letter No. 19(10)61-Pub., dated 24-8-1961, the Planning Commission was to give loan assistance for the Construction Service of voluntary cooperative organisations. Since no other voluntary organisation except Bharat Sevak Samaj came forward to take up construction work, the question of giving loans to the other voluntary and cooperative bodies did not arise."

18.10 Another fact which may be mentioned at this stage is that these loans were sanctioned without any adequate security; and further they were meant to be utilised only for incurring expenditure on the purchase of machinery and equipment required for construction and for financing construction works. Rule 155 of General Financial Rules and decisions given thereunder show that loans should be sanctioned against security which is not less than 33-1/3 per cent above the amount of the loan. Although the agreements for loans provided for hypothecation of machinery purchased out of the loans, the records of the Planning Commission do not show that even the value of assets like machinery was ascertained by the Planning Commission after the sanction of the loans. Except in the cases of three loans, hypothecation deeds were not executed and those were the loans of Rs. 5 lacs and Rs. 2.5 lacs sanctioned on September 23, 1961 and Rs. 3.30 lacs sanctioned on March 24, 1962.

18.11 One of the other conditions of the loans was that the borrower had to submit audited statements of accounts of the Construction Service as long as the loans were not repaid but this was not done by the Samaj excepting for the two years 1964-65 and 1965-66 when they submitted consolidated statements of accounts of the Construction Service and in the years 1962 and 1963 they submitted audited accounts of only the Delhi works and none by the Central Construction Service.

18.12 Further, physical verification of the properties hypothecated was conducted by the

officers of the Planning Commission in the years 1962, 1963 and 1966 only. As a matter of fact, according to the information submitted by the Ministry of Irrigation & Power, in spite of being called upon to do so by the Ministry, the Samaj refused to give physical verification in the subsequent years.

18.13 The loans sanctioned by the Planning Commission were to be paid in certain instalments specified in the sanction given in regard to the individual loans but that condition was not complied with and as the accompanying Table (Table 18-A) will show, some moneys were paid as late as August 1972. As a matter of fact, the Ministry of Irrigation & Power had to give directions to the Central Public Works Department and other departments giving works to the Samaj to make recoveries of the loans due to the Ministry out of whatever sums became due to the Bharat Sevak Samaj in respect of the works executed by it and about Rs. 7 lacs was paid by the Haryana Government on the basis of an award of an arbitrator in favour of the Samaj.

18.14 It appears that there was a provision for the charging of penal interest only in the case of one loan, i.e. the loan of Rs. 12.5 lacs. Of course, the Commission does not express any opinion about the legality of penal interest because that is very controversial matter under Section 74 of the Contract Act. A further point to be made is that persons incharge of public funds did not take proper measures for safeguarding the interest of Government in regard to measures to be taken in case of default by the borrower, in the present case the Samaj.

#### **Requirements Under the General Financial Rules Before Loans are Sanctioned**

18.15 The following documents and information was required to be furnished to the Government of India before a loan was granted to a party other than the States Governments and Local Administrations or the Union Territories:—

- (i) Copies of Profit and Loss (or Income and Expenditure) accounts and balance sheets for the last 3 years;
- (ii) the main sources of income and how the loan is proposed to be repaid within the stipulated period;
- (iii) the security proposed to be offered for the loan together with a valuation of the security offered by an

independent authority and a certificate to the effect that the asset offered as security is not already encumbered;

- (iv) details of loan or loans taken from the Central Government or a State Government in the past, indicating amount, purpose, rate of interest, stipulated period of repayment, date of original loan and amount outstanding against the loan(s) on the date of the application and the assets, if any, given as security;
- (v) a complete list of all other loans outstanding on the date of application and the assets given as security against them;
- (vi) the purpose for which the loan is proposed to be utilised and the economics of the scheme.

18.16 This was to be followed by confidential enquiries from other departments of the State Governments from which the parties might have taken loans in regard to their dealings regarding the loans. Really what it comes to is this that the soundness of the financial position of the party applying for a loan was to be determined. If after the information received and the result of the enquiries made, the result of the enquiry disclosed that the financial position of the party and its dealings were unsatisfactory, the loan was not to be given even if adequate security was offered.

#### **LOAN OF RS. 2.5 LACS BY THE IRRIGATION & POWER MINISTRY**

18.17 On July 31, 1958 the Bharat Sevak Samaj applied to the Ministry of Irrigation & Power for a loan of Rs. 2.5 lacs. The purposes for which the loan was applied by the Samaj was stated in its application to be as follows:—

- “1. The Bharat Sevak Samaj has taken up construction work on various projects in Delhi, on the Chambal, the Kosi, Nagarjunasagar, and the stone pitching work on L.M. Bund down the railway bridge near Delhi. In some cases the Project Authorities have advanced some money, but in practice such advances have proved inadequate as unexpected and unforeseen difficulties have arisen and most of the money which

was meant to keep the work in progress got locked up with the Project Authorities for one reason or the other. Security has had to be deposited and delays have occurred in receipt of payments.

You are also aware that the Bharat Sevak Samaj has to incur considerable expenditure to arrange:—

- (i) Publicity and propaganda details of the benefits that the local people will get out of the projects and also to make them aware of the part they can play in the execution of the projects;
  - (ii) to collect people who volunteer for the work, take them from their villages to the sites and to provide for their comfort; and
  - (iii) to provide medical facilities for the workers; people of the neighbourhood also take advantage of those facilities; and
  - (iv) arrange other welfare amenities like adult education, children's education, distribution of milk to children and nursing mothers, recreation games sports and cultural shows.
2. The Bharat Sevak Samaj has no funds for the purpose. Any savings that it will make on the working of the projects will accrue after the work is finished and final payments are made.
  3. To enable the Samaj to take up projects to give amenities etc., to the workers, it is necessary that the Bharat Sevak Samaj gets a minimum loan of Rs. 2.5 lacs, which is the minimum requirement.”

18.18 On August 5, 1958 the Ministry asked the Samaj to indicate the purpose for which the loan was proposed to be utilised and the economics of the scheme as also the assets which would be given as security. In reply on August 12, 1958 the Samaj stated that the loan was to be utilised to meet the initial expenditure of the projects specially on extension works like construction of distributories. As all the works were of a capital nature, the amount spent would be recouped as the payments are received from the project authorities. They also mentioned that

no part of the loan was to be expended on organisational expenses of the Samaj. As to security, the Samaj stated that it was a registered society and the loan when granted would be credited to the Central Development Fund to be operated by the Chairman of the Samaj and that it had also been decided that every construction project taken up by it would contribute 2.5 per cent of the cost of the works executed towards the Central Development Fund.

18.19 Then, on September 19, 1958 the Ministry of Irrigation & Power pointed out to the Samaj that its constitution did not provide for borrowing and that the request of the Samaj could only be considered if the Samaj amended its constitution. The constitution was then amended and the loan of Rs. 2.5 lacs was sanctioned by the Ministry of Irrigation & Power by its letter dated December 1, 1959 for the purpose of meeting the expenditure on works allotted to the Samaj in the River Valley Projects under the Ministry of Irrigation & Power and allied works included in the Second Five Year Plan.

18.20 The agreement relating to this loan between the Government and the Samaj provided that it would be repaid in two years' time. The interest was 3½ per cent per annum to be paid one year after the loan was received by the Samaj. The interest for the second year was to be paid two years after the date of receipt of the loan along with the principal due.

18.21 The Commission has looked into the constitution of the Samaj. In the Memorandum of Association it finds no provision for borrowing money and ordinarily any act which is *de hors* the Memorandum of Association i.e. the objects clause is *ultra vires* and cannot be validated even by the assent of the general meeting of the shareholders or members or even by estoppel and the courts have gone so far as to say that if a company which has not the power to carry on a particular activity, does so, third persons dealing with it may have no legal remedy to recover payment from the company. It may also be observed that the Bharat Sevak Samaj is a society registered under the Societies Registration Act of 1860, i.e. which applies to "literary, scientific and charitable" societies.

It has been held that a trading or a commercial company but not a literary or scientific society, has an implied power to borrow and to mortgage or charge any of its property<sup>1</sup>. And if there is no power to borrow, the loan is irrevocable as a debt and any security given for the debt, is void<sup>2</sup>.

This question may assume importance if and when either the Samaj has to enforce any rights for recovery of money from Government or the Government exercises any of the stipulations for the recovery of money due from the Samaj. The Commission would not like to go any further into the matter because the matter has not been argued at any length before it.

18.22 It may also be observed that no case has been cited before this Commission which may be parallel to the case before the Commission, i.e. the carrying on of trading activities by a society which is a literary, scientific or charitable society.

18.23 It appears to the Commission that the Ministry of Irrigation & Power or the Planning Commission did not consult its Legal Advisors before embarking upon the loaning of such large sums of public money to a society registered under the Societies Act of 1860.

18.24 This loan of Rs. 2.5 lacs was repaid by the Bharat Sevak Samaj in February 1962 and February 1963 as follows:—

Interest			
19-2-1962	1,00,000	10-2-1961	8,125
19-2-1963	2,50,000	12-12-1961	1,250
	2,50,000	19-2-1962	9,375
		12-2-1963	5,625
			24,375

The loan of Rs. 2.5 lacs was sanctioned on December 1, 1959 for works allotted to the Samaj in River Valley Projects and allied works under the Ministry of Irrigation & Power which were included in the Second Five Year Plan and it was specifically mentioned that the loan was to be used for those

1. *Re. Bajder Mansoll v. Cobham* (1908) 1 Ch. 568.

2. *Proup's case* (1860) 29 Beav. 353.

purposes only. There is nothing to indicate that the Ministry of Irrigation & Power obtained the details of the works allotted to the Samaj in the River Valley Projects included in the Second Five Year Plan nor did they obtain evidence of the utilisation of the money for the purposes for which it was given and the condition that the Samaj was to furnish the accounts showing the utilisation of the loans and also submit annual Profit and Loss accounts to the Government was not complied with nor did the Ministry make any effort to get its compliance.

18.25 As a matter of fact, the Accountant General's audit of the utilisation of the loan, dated May 4, 1962, which deals with the year 1960-61, brought out the facts that the Samaj had loaned this money to its other units on a higher rate of interest. The moneys loaned to the other units were as follows:—

Unit	Amount in Rupees	
Bharat Sevak Samaj Andhra Pradesh ..	75,000.00	
Bharat Sevak Samaj Katihar ..	1,00,000.00	
Bharat Sevak Samaj Varanasi ..	25,000.00	
Bharat Sevak Samaj Tripura ..	5,000.00	
Bharat Sevak Samaj Bulandshahar ..	50,000	(Loan given Rs. 1000/- Repaid Rs. 500/-)
	2,05,500.00	

18.26 When the Samaj was asked to explain the position, it gave the following explanation to the Ministry:—

“During the Second Plan period there was no provision to give loans to the State Units of Bharat Sevak Samaj through State Governments. As such it became necessary for the Samaj to give such loan assistance to the State Units. The advances were utilised by the State Units mainly for the purpose for which the loans were given. The extra rate of 3/4 per cent charged from State Unit was necessitated to cover contingent charges.”

The Ministry then waived the condition and gave *ex post facto* approval to what the Samaj had done. This was on February 9, 1964. All this shows that the Ministry was not particularly anxious to see that the conditions of the loan were carried out or the loans were utilised for the purpose for which they were given.

#### Grant of Subsidy to the Bharat Sevak Samaj In Lieu of Interest

18.27 The Ministry of Irrigation & Power had given a loan of Rs. 2.5 lacs with interest to the Bharat Sevak Samaj to enable it to meet the expenditure on works taken up by it which was repayable in two years. In 1958 the Samaj had applied to the Ministry of Irrigation & Power for the grant of an interest-free loan to which the Ministry had agreed. The Finance Ministry, however, did not agree to this because of an order previously given by the Finance Minister that no such interest-free loans should be given and the Samaj should compete with other contractors in getting the work and it was for that reason that the interest at 3½ per cent was decided to be charged and the Samaj was informed accordingly. Before the sanction of the loan, however, the Ministry of Finance had pointed out that normal rate of interest was 3¼ per cent and that giving a loan at 3½ per cent would amount to discrimination. The Minister of Revenue and Civil Expenditure, however, ordered the fixation of interest at 3½ per cent as he did not think it desirable to revise the rate to the disadvantage of the Samaj.

18.28 The Accountant General in his Audit Report pointed out that the reduction of interest was in the nature of a subsidy and advised the Ministry that interest should be recovered at the normal rate and the difference between the normal interest and 3½ per cent should be given expressly as a subsidy which evidently was acted upon and although the interest was calculated at the rate of 3½ per cent, ½ per cent was given as subsidy which came to Rs. 3,250/-. Therefore, it amounted to reduction of rate of interest in the case of the Bharat Sevak Samaj.

#### Loan Of Rs. 5 Lacs By The Planning Commission Dated March 12, 1960

18.29 The Samaj submitted an application of September 5, 1958 for Rs. 5 lacs which was sanctioned on March 12, 1960. Before

the sanction the Planning Commission asked the Samaj to give the following particulars and assurances:—

- (i) Amount of loan required and its break-up; how it is proposed to repay the loan and in what period.
- (ii) Statement of income and expenditure of the Samaj for the last three years.
- (iii) Main sources of income of the Samaj.
- (iv) Details of loan or loans taken from the Central Government or a State Government in the past, indicating amount, purpose, Ministry or State from which loan was taken, rate of interest, stipulated period of repayment, date of original loan and amount outstanding against the loan(s) on the date of the application and the assets, if any, given as security.
- (v) A complete list of all other loans outstanding on the date of application and the assets given as security against them.

(vi) An undertaking from the Administrative Committee of the Samaj that the first charge on the income to be derived from the scheme for which the loan is taken will be for servicing the loan and the instalment of repayment of the loan and interest.

(vii) An undertaking from the Administrative Committee of the Samaj that any shortfall towards repayment of loan and interest would be made good by them.

In its reply the Samaj could not give the break up of the loan but stated that it would be utilised for non-irrigational works for which no loans or advances were being given and whatever remained out of this sum would be used for the purchase of equipment for the various activities. Though not so stated, they were to be connected with the construction work. They also submitted the following documents and accounts:—

- (i) Audited Receipt and Payment account of the Central Office for the year 1955-56;
- (ii) Audited Receipt and Payment account of the Central Office of the Samaj for 1956-57;

(iii) Summary of accounts for 1956-57 of the Project Section, Camp Section and Information Section of the Samaj. This was unaudited.

(iv) Audited Receipt and Payment account of the Central Office of the Samaj for 1957-58;

(v) Unaudited Receipt and Payment account of the Samaj's Public Cooperation Project Section for the year 1957-58;

(vi) Financial statement of Income and Expenditure of the Information Department for 1957-58. This was also audited.

18.30 It may be remarked that these were individual accounts and not consolidated accounts.

(i) In the list of assets the Samaj mentioned furniture, office equipment, tools, publicity materials, jeeps, cars purchased out of donations.

(ii) 159 bighas of land donated to the Samaj by Mr. J. N. Sahni in Jagadhari Tehsil of Ambala District was also included in the assets.

18.31 The Minutes of the Administration Committee of the Samaj charging the income for servicing the loan and its repayment with interest and for making good any shortfalls were also furnished. But evidently the Planning Commission did not take any security as is contemplated in the General Financial Rules before the giving of the loans. (See Rule 155 and the decisions thereunder).

#### **Sanction of Loan of Rs. 5 Lacs on March 12, 1960**

18.32 As mentioned earlier the Samaj on September 5, 1959 applied to the Planning Commission for a loan of Rs. 3 lacs for construction activities in connection with the construction of buildings for slum clearance and forming of labour cooperatives. The Samaj hoped that it would execute the works economically at a lesser cost than the private contractors, thus, effecting savings to the public exchequer. It also said that these works would be through an agency which would bring more social gains than if they were done through the ordinary professional contractors. This request was not acceded to and the Samaj was asked to amend its constitution for the purposes of



borrowing and also to give a list of its assets. The constitution was accordingly amended but the amendment was not in the Memorandum of Association of the Samaj i.e. in the objects clause but Clause III(a) of Schedule II under the Articles of the Samaj, item (iv) was added to the following effects:—

“(iv) borrow or raise money with or without security or on the security of a mortgage or charge on all or any of the immovable or moveable properties belonging to the Samaj or in any other manner whatever;”

18.33 There was a similar addition in the constitution of the Construction Service of the Bharat Sevak Samaj but this is not a body corporate or registered under the Societies Act and it is doubtful if it is a *persona*.

18.34 In para 13 of the constitution of the Construction service of the Bharat Sevak Samaj, under the heading “Funds”, item A(d) was added as “Borrowed Funds”.

18.35 The assets of the Samaj as intimated to the Planning Commission were furniture, office equipment, tools, publicity materials, jeeps, cars purchased out of donations made by the public and funds given by the Central Government and the State Governments and (ii) 139 bighas of land donated by Mr. J. N. Sahni.

18.36 The matter was considered in the Planning Commission and the following note was recorded:—

“The first point to be made sure before requests for loan from parties other than State Governments are considered is to see that there is adequate budget provision. A provision of Rs. 2.50 lacs has already been made in the capital budget for the current year for giving loans to voluntary organisations for undertaking construction activities. In view of the budget provision of Rs. 2.50 lakhs only the loan will have to be restricted to that amount. No other voluntary organisation has so far approached us for the loan from this provision.

“The second point relates to ensuring that the grant of the loan is in accordance with the approved policy of the Government. The policy of encouraging voluntary organisations to

take up construction work in preference to contractors and extending loan assistance to voluntary organisations which come forward to undertake such activities has already been approved by the Government, when the specific provision for this purpose was included in the current year's budget. This condition is therefore satisfied.”

18.37 On January 31, 1959 there was further noting in the Planning Commission showing that the Commission did not find it necessary to make any enquiry in regard to the financial position of the Samaj as required under the General Financial Rules as the Samaj was a voluntary organisation with wide membership and a creditable record of work. The papers were sent to the Ministry of Finance for concurrence. The Finance Ministry, however, did not concur and suggested that as the previous loan of Rs. 2.5 lacs was from the Ministry of Irrigation & Power, new application might also be considered by them. For the construction activity under the Works, Housing and Supply Ministry, the Ministry of Finance pointed out that as there was already provision to allow interest-free advances to the Bharat Sevak Samaj, there was no justification for the application being considered by the Planning Commission. The Minister of Planning, Mr. G. L. Nanda, then recorded the following minutes:—

“No loan for the current financial year may appear to be necessary because the Bharat Sevak Samaj would not now be in a position to make use of any grant in the short period available before the end of the current financial year.

The Bharat Sevak Samaj will, however, require a loan in the next financial year for building up their equipment. They may also require this loan for utilising it for financing the projects where advances are not made available to them.”

Sd/- G. L. NANDA  
16-3-1959.

18.39 The Samaj submitted another application on May 19, 1959 for a loan of Rs. 10 lacs for the year 1959-60. The Planning Commission then sent a note to the Ministry of Finance dated June 20, 1959 asking it to agree to the proposal to give Rs. 5 lacs to the Samaj

out of the provision made in the Capital Budget for giving loans to voluntary organisations undertaking construction activities. The Finance Ministry wanted to know as to whether the Irrigation & Power Ministry had sanctioned any loan to the Samaj; if so, what were the terms and conditions of that.

18.39 On October 30, 1959 the papers were resubmitted to the Finance Ministry for giving sanction for a loan of Rs. 5 lacs but whether other Ministries had also given loans for the same purpose was not referred to nor do the Ministry appear to have examined this point. The Planning Commission also did not make any enquiries from the Ministries concerned with construction works about the quantum of assistance to be given to the Samaj and ultimately Rs. 5 lacs loan was sanctioned on March 12, 1960. (See the letter of the Planning Commission dated March 12, 1960).

The purpose of the loan was—

“to make purchase of machinery and equipment required for constructional activities and for financing construction work entrusted to the borrower by the Government for no other works.”

#### Property Hypothecated

18.40 The agreement between the Samaj and the Planning Commission required that

the Samaj would hypothecate all moveables, machines, tools, implements, stores and spare parts—purchased out of the loan given by the Government and under the General Financial Rules the Government was required to ensure that the security proposed to be offered was adequate—at least 33-1/3 per cent above the amount of the loan; but in the case of the Samaj, no security was offered. The Samaj, however, offered the moveables purchased out of the loan for hypothecation to Government and it is not clear why the land measuring 159 bighas in Tehsil Jagadhari, District Ambala which had been offered by the Samaj was not taken in mortgage and the assets purchased out of the loan were hypothecated by a deed executed on May 10, 1963 and the value of the property so hypothecated was Rs. 1,06,372.72.

#### Utilisation of the Loans

18.41 As mentioned elsewhere no separate account was maintained for this loan showing the receipt and disbursements out of the loan. The loan was credited to the General Balances of the Construction Service. However, a statement of Expenditure out of the loan for the period ending 31st March, 1961 was sent to the Planning Commission by the General Manager, Bharat Sevak Samaj, on December 27, 1961. This shows the position of Receipt and Expenditure as follows:—

<i>Receipts</i>		<i>Payments</i>	
Loan received from Irrigation and Power .. .. .	2,50,000·00	<i>Loans advanced</i>	
		BSS, Jaipur .. .. .	— 50,000
		BSS, Bulandshar (1000 minus 500 refunded). .. .. .	500
Loan from, Planning Commission	5,00,000·00	Arab Ki Sari .. .. .	2,40,000
Interest earned by investment .. .. .	15,072·90	BSS, Meerut .. .. .	3,000
		BSS Katihar .. .. .	1,00,000
		BSS Agartala .. .. .	5,000
Interest paid by BSS Agartala .. .. .	112·20	BSS Varanasi .. .. .	25,000
		BSS Hyderabad .. .. .	75,000
		BSS Patna .. .. .	25,000

*Receipts**Payments**Earnest money paid*

Storm water sewer 22,500 Link 3,900 .. .. .	26,400
Bank Charges .. .. .	26.24
Repayment of interest to Ministry of I & P .. .. .	8,125.00
Repayment to Planning Commission equated instalment .. .. .	91,395.82
Interest 22,931.50 .. .. .	1,14,327.32

*Closing Balance*

Fixed deposit with Oriental Bank of Commerce .. .. .	86,039.81
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Current account with United Commercial Bank Ltd., New Delhi .. .. .	6,766.73
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7,65,185.10

7,65,185.10

18.42 This shows that the specific works of the Government of India on which the loans were utilised were not indicated and that out of the loans monies were loaned to other units of the Bharat Sevak Samaj and a portion was kept in fixed deposit which earned interest. It was also utilised to repay the interest charges to the Ministry of Irrigation and

Power, i.e. Rs. 2.5 lacs previously taken from them.

18.43 The Bharat Sevak Samaj were asked by this Commission to show the utilisation of the loans. It filed a statement showing the following:—

<i>Date</i>	<i>Particulars</i>	<i>Amount Rs.</i>
23-6-60	Current Account (sent to Kaithar on 24-6-60) .. .. .	50,000
14-6-60	Arab Ki Sarai works account .. .. .	25,000
25-6-60	Do. .. .. .	25,000
26-7-60	Current Account (sent to Tripura Rs. 5,000 on 28-7-60) .. .. .	10,000
28-7-60	Katihar .. .. .	25,000
10-8-60	Arab Ki Sarai works Account .. .. .	25,000
18-8-60	Varanasi .. .. .	10,000
28-8-60	Current Account (Sent to Arab Ki Sarai on 8-9-60) .. .. .	25,000
23-9-60	Bharat Sevak Samaj, Hyderabad .. .. .	75,000
23-9-60	Bharat Sevak Samaj Katihar .. .. .	25,000
3-10-60	Current Account (transferred to Punjab 10,000 on 10-10-60 ; Bihar Rs. 25,000 on 31-10-60 and Arab Ki Sarai Works Account 25,000 on 23-12-60). .. .. .	50,000
24-1-61	Varanasi .. .. .	5,000

<i>Date</i>	<i>Particulars</i>	<i>Amount</i>
		Rs.
24-1-61	Varanasi Current Account (interest on loan Rs. 8,125/- paid on 7-2-61).	5,000
31-1-61	Arab-Ki-Sarai works Account .. .. .	19,868.44
4-3-61	Do.	25,000
28-3-61	Repayment of Loan .. .. .	91,395.82
	Interest .. .. .	22,500.00
		431.50
		1,14,327.32
31-1-61	Current Account (Interest on loan paid on 7-2-1961).	5,131.56
4-4-61	Arab-Ki-Sarai .. .. .	50,000
19-7-61	Najafgarh Drain Account .. .. .	25,000
5-9-61	Do.	5,672.68
		6,00,000.00

18.44 This statement was filed by the Bharat Sevak Samaj on July 29, 1969. When it was further questioned, a revised statement

was filed on October 21, 1970. In this statement the utilisation was shown as follows:—

<i>Date</i>	<i>Particulars</i>	<i>Amount in</i>
		Rs.
14-6-60	Arab-Ki-Sari work account .. .. .	25,131.56
25-6-60	Do.	25,000.00
15-7-60	Do.	20,000.00
10-8-60	Do.	25,000.00
8-9-60	Do.	25,000.00
23-12-60	Do.	25,000.00
31-1-61	Do.	19,868.44
4-3-61	Do.	25,000.00
4-4-61	Do.	50,000.00
3-7-61	Do.	10,000.00
30-8-61	Do.	22,500.00
10-10-61	Do.	50,000.00
19-7-61	Najafgarh Drain Account .. .. .	1,25,000.00
13-8-61	Do.	10,000.00
30-8-61	Do.	7,000.00
5-9-61	Do.	11,000.00
		4,75,500.00

18.45 The Samaj also pointed out that the balance of Rs. 14,500 out of the Rs. 5 lacs was utilised from accumulated cash balance with the Construction Service as a sum of Rs. 50,000 was transferred to Arab-ki-Sarai account by the Bharat Sevak Samaj Central on March 25, 1960.

18.46 Thus three different statements of utilisation have been shown by the Bharat Sevak Samaj. These statements though not contradictory do not show actual expenditure on the purchase of machinery or on other construction activities; they show mere transfers to different accounts of the Construction Service at least the last statement furnished does. The transfers to other units like Tripura, Katihar, Varanasi, Hyderabad, etc., which were State works have altogether been excluded. The position which is shown by the Cash Book and the Ledger is that the entire loan was credited to the Bank Account of the Bharat Sevak Samaj Construction Service and various payments including the payments to other units and works which did not fall under the category of construction works of the Government of India were made out of the common bank balance. Therefore, to choose a few items of entries in the books is not a correct way of showing the utilisation. The diversion of monies out of the common balances for other activities of the Bharat Sevak Samaj and to the Pradesh units has been dealt with at another place.

18.47 While executing the hypothecation deed the Bharat Sevak Samaj stated that out of the loan amount, tools and machinery valued at Rs. 1,06,372.72 were purchased but in none of the statements showing the utilisation of the loan has this purchase of machinery been shown. This is another factor indicative of the fact that the statements, prepared do not show the ultimate utilisation but merely the transfers effected between the various group accounts.

#### Further loans of Rs. 5 lacs and Rs. 2.5 lacs sanctioned on September 23, 1961

18.48 On September 23, 1961 two further loans were sanctioned by the Planning Commission in favour of the Samaj to enable it to undertake construction projects—one was for Rs. 5 lacs and the other for Rs. 2.5 lacs. The loans were to be utilised for the purchase of machinery and equipment required for constructional activities and for financing construction works entrusted by the Government of India and for no other purpose.

18.49 The records of the Planning Commission show that the application was for only one loan i.e. Rs. 5 lacs. This was on October 13, 1960 and was renewed from time to time, and the last reminder about this was on May 9, 1961. There does not appear to have been any application for the second loan of Rs. 2.5 lacs which evidently was sanctioned on the basis of a recommendation of the Delhi Administration for the purchase of equipment and undertaking construction work for the removal of slums and rehabilitation of slum dwellers of Kishan Chand Dairy Colony which was one of the works under the Delhi Administration. These buildings were to be constructed for the slum dwellers who were affected by fire.

#### Repayment

18.50 The loan of Rs. 2.5 lacs carried interest of  $3\frac{1}{2}$  per cent and there was a stipulation that it would be repaid within one year from the date of withdrawing the money which was on October 3, 1961. The loan was actually repaid with interest on January 3, 1963 and there was no request for extension of time which was pointed out to the Planning Commission by the Accountant General Central Revenues and the Planning Commission issued an *ex post facto* sanction for extension of period of repayment with a demand of interest of 4% for the entire period which was paid as follows:—

Repayment of Loan 31-1-1963 Rs. 2,50,000-00

#### Interest Paid

	Rs.
1-3-1963	8,750-00
	2,205-47
12-2-1964	1,565-08
	<hr/> 12,520-55

**Repayment of the loan of Rs. 5 lacs**

18.51 This loan was to be repaid with interest in five equated annual instalments, the

first being payable on April 1, 1962 and the others on corresponding days in the years 1963, 1964, 1965 and 1966 and the interest was  $4\frac{1}{2}\%$ . This loan was repaid as follows:—

Loan		Interest	
3-4-1961	1,02,799.93	3-4-1962	11,095.89
12-4-1963	96,021.82	12-4-1963	17,874.00
2-4-1964	1,00,342.80	2-4-1964	13,353.02
1-4-1965	1,04,858.23	Do.	168.51
30-3-1966	95,977.22	1-4-1965	9,037.59
		30-3-1966	4,318.97
<hr/> 5,00,000.00		<hr/> 50,047.98	

**Utilisation of Rs. 5 lacs**

18.52 Both the loans of Rs. 5 lacs and Rs. 2.5 lacs were to be utilised for the purpose of machinery and equipment and financing of construction works entrusted to the Samaj by

the Government of India and for no other purpose. The Samaj in reply to a questionnaire by this Commission gave the utilisation of these loans of Rs. 5 lacs and Rs. 2.5 lacs as follows:—

Date	Particulars	Amount
		Rs. P.
4-10-1961	Najafgarh Drain works	2,50,000.00
10-10-1961	Arab-Ki-Sarai Works Account	50,000.00
4-11-1961	Najafgarh Drain Works Account	1,50,000.00
16-11-1961	Do.	1,00,000.00
31-12-1961	Do.	50,000.00
20-1-1962	Do.	1,00,000.00
19-2-1962	Do.	50,000.00
		<hr/> 7,50,000.00

They also stated that the loan of Rs. 2.5 lacs sanctioned on September 23, 1961 was partly utilised for financing Seelampur Project for rehabilitation of displaced persons of Kishan Chand Dairy Colony. The utilisation shown by the Samaj only gives the sums of money which were remitted to the various works but does not show how they were utilised. That was necessary because the Najafgarh Drain works and Arab-Ki-Sarai works were not just two separate works but under each one of them there were a number of works which had been undertaken.

**Satbari and Hastal Kiln Units, Delhi**

18.53 In July 1961 the Samaj asked the Planning Commission for a loan of Rs. 6 lacs for the purpose of setting up brick kilns in village Satbari which was strongly recommended by the Chief Commissioner of Delhi by his letter dated August 4, 1961 because that was likely to result in a lowering of the price of bricks in Delhi and the building programme of the Government under the Master Plan would be achieved more quickly. At a meeting held on August 17, 1961 the Planning

Commission accepted the request of the Samaj on the condition that if the land required for the Samaj was given on lease by the Delhi Administration, the lease money would be deducted from the loan. The Delhi Administration made available the land at a cost of Rs. 2.67 lacs, which was the lease money. Therefore a loan of Rs. 3.30 lacs was sanctioned in favour of the Samaj to enable it to set up the brick kiln. It was payable in five equated annual instalments and the Samaj was required to execute a deed of hypothecation in respect of moveable and other assets acquired by the Samaj out of the loan and that was to be done within one month of the acquisition. The other conditions were that the money was to be used for the purpose for which it was given; the interest was 4½%; the loan was to be used only for the purposes for which it was given and for no other purpose and further the Samaj would when required by Government produce vouchers, receipts and other documents to satisfy the Government that the loan was being utilised for the purpose for which it was given. The repayment of the loan was to be guaranteed by hypothecation of all moveable—machines, tools, implements, stores and spares—purchased out of the loan; the price of the bricks was to be

fixed and the Samaj was to submit periodical returns and audited accounts of the utilisation of the loan.

#### Hastal Kiln

18.54 In July 1962 the Samaj applied to the Planning Commission for a grant of another loan of Rs. 5 lacs for starting more kilns on Najafgarh Road and other areas around Delhi. This loan was sanctioned in December 1962. In the cases of both the loans the Delhi Administration was asked to keep a cross watch over the utilisation of the loan, the repayments together with interest thereon, the operation of the brick kilns and such other matters as might be prescribed by the Government of India.

18.55 It must be said in fairness to the Samaj that the price of the bricks came down from Rs. 45 per thousand to Rs. 29 per thousand. This was as a result of the Samaj starting brick kilns.

#### Utilisation of loans

18.56 In its reply to this Commission the Bharat Sevak Samaj has stated that a sum of Rs. 3,51,659.57 was utilised on the Sathaj Kiln the details of which are as follows:—

					Rs. P.	
(i) As per Balance Sheet as on 31-3-1962.					1,94,594	33
(ii)	Month				Investment	Sales
					Rs. P.	Rs. P.
April, 1962	..	..	..	..	64,040.30	25,904.20
May, 1962	..	..	..	..	26,549.33	9,619.48
June, 1962	..	..	..	..	35,742.79	24,076.42
July, 1962	..	..	..	..	83,490.41	14,611.56
August 1962	..	..	..	..	32,405.63	10,951.56
					2,42,228.46	85,163.22
						1,57,065.24
						3,51,659.57

18.57 In regard to the second loan of Rs. 5 lacs the Samaj submitted that Rs. 2,49,147.96 was invested in the kiln at Hastal but no further investment was made as the soil was

found to be unsuitable, but in order to keep up the rate of production of bricks the balance was used at the Satbari Kiln. The details of the investment at Hastal as submitted by the Samaj are as follows:—

								(Rupees)
(i) Coal, Chimneys, moulding, burning, loading, unloading, charges, etc.	..	..	..	..	..	..	..	1,77,767.96
(ii) Advances and debtors treated as expenses	..	..	..	..	..	..	..	12,949.57
(iii) Adjustment of depreciation	..	..	..	..	..	..	..	7,252.05
(iv) Sales Tax	..	..	..	..	..	..	..	1,844.58
								1,99,814.16
(v) Land	..	..	..	..	..	..	..	49,333.80
								2,49,147.96

18.58 The loan of Rs. 3.30 lacs was received from the Planning Commission by the Bharat Sevak Samaj on March 31, 1962. The principal and the interest were repaid on the follow-

ing dates and at the end of December 31, 1970 an amount of Rs. 5,546.83 was outstanding out of this loan:—

								Rs.
<i>Repayment of Loan</i>								
12-4-63	..	..	..	60,321.24	12-4-63	..	..	14,850.00
1-4-64	..	..	..	63,935.70	1-4-64	..	..	12,256.72
30-3-65	..	..	..	65,872.30	14-8-64	..	..	18.54
29-3-66	..	..	..	68,836.56	30-3-65	..	..	9,298.94
29-11-67	..	..	..	28,667.90	29-3-66	..	..	6,334.68
27-12-67	..	..	..	37,729.47	31-3-66 to			
Balance outstanding as on					28-11-67	..	..	5,392.10
31-12-70	..	..	..	5,546.83	28-11-67 to			
					26-12-67	..	..	154.73
								3,30,000.00
								48,305.71

18.59 The Central Bharat Sevak Samaj has informed this Commission that all the outstanding balances of loans together with inter-

est were repaid by them by a cheque dated August 4, 1972 for Rs. 2,12,605.13. The loan of Rs. 5 lacs for the Hastal Kiln was received



... accounts of the  
Satbari Kiln and Najafgarh Drain  
accounts were combined from 1962-  
63 onwards. The utilisation of the  
loan for repayment of borrowings  
from other works was not within the  
terms of the loan.

	..	..	..	7,083.73
Furniture	..	..	..	1,459.40
Huts	..	..	..	7,453.30
Tools	..	..	..	3,461.06

- (ii) The details of the Assets acquired  
and the expenditure on the Satbari  
and Hastal Kilns for the period

Total I	..	88,917.45
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Satbari Kiln have not been produced before the Commission which would have enabled the Commission to verify the adjustment of these advances.

- (iv) In the Profit and Loss Account of Delhi Works for the period April 1, 1962 to July 31, 1963 an amount of Rs. 59,491.97 on account of advances and sundry debtors were treated as

Rs. 10 lacs to be advanced to the Samaj to enable it to undertake construction projects. It was to be utilised in purchasing machinery and equipment required for construction purpose and for financing construction works entrusted to it by the Central Government and for no other purpose. The files dealing with the sanction of the loan have not been produced, so one cannot say that what happened before the sanction.



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### Utilisation of the loan

18.63 In reply to a questionnaire issued to the Samaj as to the utilisation of the loan of Rs. 10 lacs the following particulars were given by the Samaj:—

Date	Particulars	Amount
		Rs.
29-12-62	Najafgarh Drain works ..	5,00,000.00
10-4-63	Do.	5,00,000.00
		10,00,000.00

18.64 The Samaj has stated that the loan was utilised for the purchase of machinery and other equipment for the works at Gorakhpur and Bidar and for financing the construction works there as also in Delhi and on Jamuna Sand Quarry. All these works were financed from Najafgarh Drain Work account. When the Samaj was asked to give a break-up of the amounts expended on the various works in different places the reply of the Samaj was that no separate accounts of such expenditure incurred on the purchase of machinery and equipment was kept by them, nor how much was expended on individual works. But

Rs. 11.85 lacs were spent on the purchase of machinery and equipment. The *modus operandi* was this that the amount was put in the General Account of the Samaj and expended on wherever the works being done by the Central Construction Service required finance.

### Security

18.65 According to the agreement relating to the loan all moveable property, including machines, tools, equipments, stores and spares purchased out of the loan and all moveable assets including present and future book debts were to be hypothecated to Government within a period of three months from the date of acquisition of the assets. About a year after the loan was advanced, i.e. on December 11, 1963 the Samaj executed a deed hypothecating machinery of the value of Rs. 2,58,130.43 and tools and machinery of the value of Rs. 5,76,763.37.

### Repayment of the loan

18.66 According to the terms of the agreement the loan was to be repaid with interest of 4½ per cent in 5 equal annual instalments the first instalment being payable on April 1, 1964. If there was a default in the payment of any one instalment the entire balance with interest became immediately payable. The repayments of the loan and interest were made as follows:—

Date	Principal	Interest	Balance outstanding
2-4-64 .. ..	1,82,791.64	11,835.62	
1-4-65 .. ..	1,91,017.26	45,000.00	
30-3-66 .. ..	1,99,613.04	17.51	
		28.08	
27-12-67 .. ..	1,46,762.59	36,774.38	
10-1-69 .. ..	50,585.43	28,178.60	
		1,21,834.19	
2-1-69 .. ..	1,61,769.94	33,395.80	
	26-12-67		
	27-12-67	540.61	
	9-1-68		
	10-1-68	11,615.37	
	1-1-69	1,702.29	
	2-1-69		
	18-5-69		
			33,936.91

18.67 The latest information given by the Samaj is that they have paid off the whole loan of Rs. 10 lacs and the last instalment was paid on August 4, 1972 by a cheque for Rs. 2,12,605.13. The Ministry of Irrigation and Power have accepted this position by a statement made on January 15, 1973.

**Loan of Rs. 12.5 lacs sanctioned by the Planning Commission for Jamuna Barrage Works**

18.68 The contract of Jamuna Barrage works was taken by the Samaj in March, 1964. On August 11, 1964 the Samaj applied for a loan of Rs. 12.5 lacs as working capital. Four months later i.e. on December 17, 1964 the Planning Commission asked for audited accounts; but the Balance Sheet of Construction Service for the period ending July 31, 1963 was sent on March 8, 1965 in response to a letter of Mr. H. K. D. Tandon, Director Public Cooperation and Private Secretary of Mr. G. L. Nanda dated February 28, 1965. The Planning Commission on March 16, 1965 wrote to the Samaj that it (the Samaj) had already a balance of Rs. 12 lacs at the end of February 1965 and it should be possible for it to meet all its commitments with that amount during the next three or four months. On March 19, 1965 the Samaj furnished a statement about the balance available or required as follows: —

Amount required for the repayment of the Planning Commission loan up to 31-3-1965	Fixed Deposit with the Needs of Life Bank, Bombay	Heavy payment made at the Close of Financial year
6.5 lacs	1 lac	4.5 lacs

18.69 But the Planning Commission wanted the estimated value of the works to be done by the Samaj which was supplied by it and this information was as follows: —

Name of the work	Value of work to be done during the next four months	Working capital required (Rs. in lacs)
	lacs	
Jamuna Barrage ..	75	12.5
Faridabad .. ..	12	2.0
Multi-storeyed Buildings, Delhi .. ..	12	2.0
Varanasi Works ..	12	2.0
Purnea Works ..	15	2.0
<b>TOTAL ..</b>	<b>126</b>	<b>20.5</b>

18.70 According to this the total estimated value of the works to be done by the Samaj was Rs. 126 lacs for which the capital required was Rs. 20.5 lacs.

18.71 On March, 1965 Mr. A. N. Malhotra, Director of Construction in the Planning Commission and Mr. H. K. D. Tandon, Director of Public Cooperation and Private Secretary to Mr. G. L. Nanda, wrote a joint note saying that the work being done in the bed of the river was of importance and required high priority and that the tempo of the work required to be maintained. When quoted the note read as follows: —

“This is a high priority work and is in the bed of the river. Unless the work is done according to the tight proposed schedule, the work may be damaged and the Samaj may run into sizeable losses which would run into millions of rupees. The Minister of Irrigation & Power is keenly interested that the tempo of this work should be maintained and he visited the site on 24th March, 1965. It may be mentioned that the Construction of the Barrage is essential for augmenting the Power Supply of Delhi.”  
..... “It is in the interest of the Government that the Samaj should

not run into the losses in the works already in hand. The release of the proposed loan of Rs. 12.5 lacs will enable the Samaj to do at least the Yamuna Barrage work where the danger of losses is heavy on account of its placement in the river bed."

On this note Mr. G. L. Nanda, Planning Minister recorded the following minute:—

"In the interest of the progress of the work, the question of the proposed loan deserves to be considered expeditiously. The matter may be referred to the MINISTER for Irrigation and Power for advice."

The Minister for Irrigation & Power, Mr. K. L. Rao recorded the following minute:—

"I inspected Yamuna Barrage on 24th March, 1965 and found the work in full swing. As the work is being done in river bed, it is most essential that the tempo should be kept up and the work not slackened in any manner. The work must be completed as early as possible as the cooling water for the 'C' Power Station would be required by the end of the year or early in 1966. I would recommend strongly financial loan assistance for pushing on with Yamuna Barrage Work."

18.72 It appears that on the basis of these minutes the Planning Commission sanctioned a loan of Rs. 12.50 lacs on March 27, 1965 on the following conditions:—

- (i) The loan was to be repaid with interest of  $4\frac{1}{2}$  per cent per annum on October 21, 1966 and in the case of default there was a penal interest of  $2\frac{1}{2}$  per cent.
- (ii) Until the loan was repaid the borrower was not to create any charge or encumbrances on the property or assets of the borrower save what had already been done prior to the date of the indenture i.e. March 27, 1965.
- (iii) The loan was to be utilised only for financing the construction of the project for which the loan was given including purchase of machinery and equipment required for it.
- (iv) The borrower was to hypothecate all moveable property, machines, tools,

implements, stores and spares which were created or purchased from out of the loan and all moveable assets of the borrower including his book assets were to remain charged and hypothecated in favour of the Government.

- (v) The Samaj was to furnish annual Profit and Loss Account to the Government of the activities financed from out of the loan and whatever remained unutilised was to be kept in deposit in a Bank.
- (vi) The Samaj was to appoint a Chartered Accountant for the Yamuna Barrage Project in consultation with the Finance Adviser attached to the Secretary, National Advisory Committee on Public Cooperation and to introduce concurrent audit.

#### Repayment of the loan

18.73 Although the loan was to be repaid in one instalment on or before October 1, 1966 the Balance-sheet for the period ending March 31, 1967 shows the entire amount of the loan and interest thereon were still outstanding and no provision had been made for the interest due. The affidavit of the Samaj shows that the entire loan was paid off by August 4, 1972 and that position has been accepted by the Ministry of Irrigation and Power by their statement dated January 15, 1973. The repayment of the loan is shown in the table attached hereto which is marked as Table 18-A.

#### Justification for the loan of Rs. 12.50 lacs

18.74 The work on the Jamuna Barrage on the basis of the rates tendered by the Samaj was Rs. 1,98,73,955.00. The Delhi Thermal Project Control Board through the Punjab P.W.D. had already sanctioned and paid a sum of Rs. 35 lacs as loan for the said project and over and above that the Planning Commission gave a loan of Rs. 12.50 lacs. Thus the loan taken by the Samaj was Rs. 47.50 lacs which is about 24 per cent of the value of the works. Besides this the Samaj was receiving running payments for the work done. The construction started in February, 1964 and the loan by the Planning Commission was given in March, 1965 after the Punjab Government had lent Rs. 25 lacs. The Punjab Public Works Department advanced

Rs. 35 lacs in all, the particulars of which are as follows:—

13-5-1964	..	..	5,00,000
15-6-1964	..	..	5,00,000
18-11-1964	..	..	10,00,000
23-1-1965	..	..	5,00,000
13-11-1965	..	..	2,00,000
18-11-1965	..	..	8,00,000
			35,00,000

**Purchase of machinery for the Yamuna Barrage and non-observance of conditions by the Samaj**

18.75 Under the terms and conditions of the loan the Samaj was required to hypothecate all assets purchased out of the loan within three months of the date of purchase or of the acquisition of assets. But this condition was not complied with by the Samaj till November 1, 1966 and the repayment of the entire loan was to fall due on October 1, 1966. The hypothecation deed shows that assets of the value of Rs. 10,10,142.00 were hypothecated on November 1, 1966 but the depreciated value of the machinery on April 1, 1966 was Rs. 8,92,428.00 which sum really included some fresh purchase of the value of Rs. 21,971.00 made after that date i.e. on October 31, 1966.

18.76 It may here be observed that out of the loan machinery purchased was only of the value of Rs. 1,23,961.00 the rest of the machinery had already been purchased and in the assets hypothecated such wasting material as shuttering was also included. This was pointed out by the Accountant General in his Inspection Report for 1966-67. The Planning Commission called upon the Samaj to make its submissions on the report of the Accountant General and it stated that it had continued to purchase machinery upto October 31, 1966 and therefore, hypothecation was effected on November 1, 1966 and consequently there were no non-compliance with the conditions of the loan. That hardly seems to be a justification because if the deed of hypothecation provided for future purchases also to form part of the hypothecated assets then those assets would be covered by the deed of

hypothecation itself. It appears to the Commission that a part of the loan was used for reimbursing the expenditure already incurred on the purchase of the machinery and it cannot be said that the loan was wholly utilised for the purchase of machinery.

**Physical verification of machinery hypothecated**

18.77 On December 20, 1966 a Research Officer of the Planning Commission physically verified the machinery given in the hypothecation deed and his findings were as follows:—

“The machinery as per the statement consists of the following:—

- (a) Mixers, vibrators and pumps.
- (b) Jeep, trailers and car.
- (c) Trucks.
- (d) Tractors, doser and trailers.
- (e) Crushers and miscellaneous workshop machinery.
- (f) Surveying instruments.

The machinery as per item (a) has gone under very heavy strain and is in a most shattered condition. The main parts have been removed and interchanged. Leaving aside a few pieces which are actually in use, practically all the remaining machinery is lying dismantled in pieces at multistoreyed building, Faridabad and Yamuna Barrage and it was not possible to locate some of their parts.

The market value of this machinery on the basis of present condition and remaining useful life has been generally assessed at 25 to 40 per cent and is subject to the condition that the machinery will be reassembled and brought up to the working condition. Similarly, item (c) i.e. trucks have also gone under heavy duty and taking into account their supply and demand position and the remaining useful life, the market value assessment has been made at 40 to 45 per cent and this assessment as also in the case of jeeps and Ambassador car is more than the independent assessment made by Shri Marwah, SRE, Mechanical, BSS, in-charge of the workshop and this machinery.

In the case of all other items, there being not much wear and tear, the market value assessment is generally at 75 per cent and the overall market value of the machinery as per the statements works out to Rs. 5,73,000/- against the purchase value of Rs. 10,10,143/-.

Shri K. K. Baijal SRE Mechanical, BSS who accompanied me for physical verification at the site of various works agrees fully with the assessment and it also tallies by and large with the independent assessment done by Shri Marwah, SRE Mechanical, BSS, incharge of this machinery and the workshop at Yamuna Barrage.

A few items as per remarks in the statement could not be located for which the Central Construction Service of BSS may be advised to trace out their whereabouts so that these remaining few items may also be checked."

18.78 According to this verification the market value of the machinery hypothecated to Government for a loan of Rs. 12.50 lacs was Rs. 5.73 lacs and some of the items of the machinery in the hypothecation deed could neither be traced nor were their whereabouts known. Besides the whole of the machinery except a few pieces which were not actually used were lying dismantled in parts at various places. According to the accounts of the Yamuna Barrage works the value of the assets as on March 31, 1967 was Rs. 3,19,991.65.

18.79 In reply to a questionnaire issued to the Ministry of Irrigation and Power it was stated by the Ministry that all machinery remained hypothecated to Government but there was no verification after December 20, 1966 and that arrangements had been made for conducting further verification in June, 1969. The Ministry, therefore, asked on June 20, 1969 to depute one of their representatives for the purpose. But the reply of the Samaj was that since all the loans had been paid off the machinery etc., which was hypothecated stood free of any charge and, therefore, the Samaj wanted to know against which hypothecation deed the physical verification was contemplated. On October 30, 1969 the Government informed the Samaj that it was entitled to make physical verification periodically till

such time as all the outstanding loans were repaid but there was no reply to that by the Samaj. But this question would now become academic because according to the Ministry of Irrigation and Power itself all the loans of the Central Government have been repaid by the Samaj. Of course there still remain loans taken by the Samaj and paid through various States which came from the Central Government.

18.80 The condition in regard to the appointment of a Chartered Accountant and concurrent audit was not complied with by the Samaj and nobody seems to have enforced that condition. Besides this, the Annual Profit and Loss Accounts had to be sent; the only one sent was for the period ending July, 1963 and for 1964-65 and 1965-66 the Samaj submitted the Consolidated Accounts of their Construction Service. But no audited accounts for the period ending 1966-67 and subsequent periods were sent by the Samaj.

18.81 There was another condition in clause II(G). The Samaj was required to submit periodically returns showing the mode in which the loan was utilised and also audited statement of the accounts but no such returns were ever furnished and the Ministry did not choose to offer any comments to the objections of the Accountant General given in his Inspection Report.

#### **Diversion of funds of Yamuna Barrage to Head Office**

18.82 A statement has been prepared in the office of the Commission showing how the funds received by the Samaj were utilised and disbursed. This is marked Table 18-B. The Balance-sheet of the Yamuna Barrage account for the year ending March 31, 1967 shows a sum of Rs. 22,38,994.36 as due from the Central Head Office to the Yamuna Barrage. In reply to the questionnaire issued to the Samaj it is stated that on March 31, 1965 the Yamuna Barrage owed to the head office a sum of Rs. 3,83,160.88 and as the Government had suddenly stopped issuing of further loans and payments became slow the financial position of the Central Construction Service suffered a severe set-back and, therefore, the bulk of its funds was transferred to the Head Office to enable it to meet the urgent needs of different units. Further the loan of Rs. 12.50 lacs had already been utilised to meet the works expenses and the transfer of funds to the Head Office was over and above such expenses.

18.83 The accounts show that the amount due to the Head Office before March 30, 1965 was Rs. 4,83,160.88.

#### Loan to Central Construction Service, Agra

18.84 A sum of Rs. 5 lacs was paid to the Central Construction Service by the Yamuna Barrage Unit and this amount plus Rs. 2 lakhs already transferred to the Head Office also from Yamuna Barrage account was utilised for the new Unit to be opened at Agra. The condition was that the Central Construction

Service would pay interest at the rate charged by banks on overdrafts and the money would be available to the Yamuna Construction Service if and when needed by it.

#### Advance to Agra Unit

18.85 According to the ledger of the period between April 11, 1966 to March, 1967, Rs. 6,15,006.00 was transferred from the Yamuna Barrage Unit to the Agra airfield works as follows:—

#### Ledger page 11

				Dr.
1966-67		11-4-1966	To amount advanced	50,000
"	"	21-4-1966	"	3,50,000
"	"	20-7-1966	"	25,000
"	84	1-11-1966	To amount advanced	20,000
"	86	1-12-1966	"	40,000
"	87	23-12-1966	"	20,000
"	88	5-1-1967	"	50,000
"	89	27-2-1967	To amount advanced	20,000
"	"	6-2-1967	"	20,000
"	90	7-3-1967	To amount advanced	20,000
				<hr/> 6,15,000

18.86 On March 31, 1967 the balance due from the Agra Unit to the Yamuna Barrage was Rs. 5,68,715.35. It will be only right to observe that the Agra Unit did not borrow any loan from Government.

18.87 The cash balance in the Yamuna Barrage unit on March 31, 1965 was Rs. 6,02,355.89 and out of this Rs. 3,50,000 had been kept in Call Deposits in the month of April 1965 and this deposit was withdrawn in July, 1965. Such a large cash balance including the call deposit of Rs. 3.5 lakhs which was kept for 3 months hardly justified the giving of such a big loan as was given by the Planning Commission and militates against the plea of urgency of the loan.

18.88 It may be a repetition but the attached Table 18-C is given here to show the various loans sanctioned by the Ministry of Irrigation and Power and by the Planning Commission, securities given for those loans and the details as regards the hypothecation of

moveable and immoveable assets by the Samaj as also the assets mentioned by the Samaj in their application to the Ministry or the Planning Commission. The agreement for the loan given by the Irrigation and Power Ministry on December 1, 1959 contained no security clause. On the 25th October, 1958 the assets mentioned by the Samaj included furniture, office equipment, tools, publicity materials, jeeps, cars, etc., and 159 bighas of land situated in village Bal Chappar, Tehsil Jagadhri of Ambala District which was donated to the Samaj by Mr. J. N. Sahni. Evidently this land was not mortgaged either to the Ministry or to the Planning Commission although it was mentioned as one of the assets of the Samaj. There does not seem to have been a provision for mortgaging immoveable property.

18.89 In the case of loans by the Planning Commission there was a provision for security and all moveables, machines, tools, implements, stores, spares etc. purchased out of the



loan were to be hypothecated to the Planning Commission together with all present and future book debts, bills outstanding, monies received, claims and other moveable properties of any description whatsoever.

#### Assets of the Samaj as shown in the Balance Sheets for various years

18.90 The Balance sheets of the Central Construction Service have been made available to the Commission as from the period

ending March 31, 1962. For the earlier years Consolidated Balance Sheets of the Bharat Sevak Samaj for its Construction Service and for other activities were not prepared. For the Construction Service the Consolidated Balance-sheets were prepared for the years ending March 31, 1965 and March 31, 1966. The fixed assets and current assets shown in the balance sheet of the Central Construction Service upto the year ending March 1966 were as follows:—

		Fixed assets	Current assets	Material & stock in trade
31-3-1962	.. As per consolidated Balance Sheet of Najafgarh Drain a/c ..	97,001·19	1,19,842·44	
31-3-1962	.. Arab Ki Sarai & Najafgarh ..	1,46,008·76		1,98,235·46
		2,43,009·95	1,19,842·44	1,98,235·46
31-7-63	.. Consolidated a/c of Central Construction Service ..	7,60,392·25	1,77,220·78	15,42,340·80
31-7-64	.. Do. ..	11,78,766·28	24,05,067·99	
31-3-65	.. Do. ..	12,15,300·12	27,01,207·09	
31-3-66	.. Do. ..	8,72,599·86	13,43,577·92	

18.91 For the years ending March 1965 and March 1966 the fixed assets and current assets shown in the consolidated Accounts of the

Central Construction Service including those of State Unit accounts were as follows:—

	Fixed Assets	Current Assets
31-3-1965	16,76,664·68	34,63,289·58
31-3-1966	13,30,935·17	19,84,820·37

18.92 It shows therefore that when the various loans were sanctioned the entire assets of the Samaj were not hypothecated and so one of the important conditions was not fulfilled.

#### Mis-utilisation of loans

18.93 The monies borrowed and the loans taken were merged in the general accounts and the Table 18-D attached hereto shows for which units the loans were used. As the amounts borrowed were merged with the general balances of the Construction Service and all other balances were also mixed with

it, there were no separate accounts showing the utilisation of the loans and none were prepared or submitted to the Ministry. The table which has been prepared shows that the monies were used for financing other works and were also advanced to Pradesh units of the Samaj and other Sections of the Samaj like the General Administration Section, Central Development Fund, Jan Jagran Section, the Publication Branch and even to sister organisations like the Bharat Sadhu Samaj and Samyukt Sadachar Samiti, the Psychic and Spiritual Research Institute etc. In

some of these cases the advances were written off. The reason for writing them off is not clear from the record. The amount of diversions to other Pradesh units was Rs. 10,08,233.01 and to the other Sections of the Bharat Sevak Samaj and sister institutions Rs. 5,18,151.30. All this is made clear in the Table 18-D attached hereto.

18.94 What was advanced to other Sections of the Samaj was as follows:—

Social Welfare ..	62,000	} 1,01,200
Jan Jagran ..	76,200	
Do. ..	25,000	
C.A. Section ..	20,728.68	
Central Development Fund ..	1,47,397.54	
Publication Branch	10,400	
Samyukt Sadachar Samiti ..	37,000	
Training Centre ..	36,000	
Work Camp Section	3,000	
Bharat Sadhu Samaj : ..	5,000	} 34,025.08
Do ..	29,025.08	
Lok Karya ..	66,500	
	<u>5,18,251.30</u>	

18.95 Out of the balances available with the Central Samaj monies were lent to the various Pradesh Units of the Samaj which have already been referred to. These monies appear to have been paid out of the loans which the Samaj took for the specific purpose of financing the particular construction works for which they were given. The amounts due from the Pradesh Units and other sections of the Bharat Sevak Samaj as shown in the consolidated accounts of the Construction Service at the end of various years was as follows:—

		Rs.
31-7-1963	Pradesh Units ..	5,25,834.18
	G.A. Section ..	39,840.65
	Jan Jagran ..	15,000.00
31-7-1964	B.S.S. Pradesh ..	8,65,085.84
	Other Sections of B.S.S.	2,96,226.22
31-3-1965	B.S.S. Pradesh ..	6,88,810.58
	Other Sections of B.S.S.	2,11,626.22
31-3-1966	Pradesh Units of the B.S.S. ..	3,52,717.37

18.96 As the events have happened the Samaj has paid off all the loans borrowed from the Planning Commission and the Irrigation & Power Ministry but the above discussion shows the manner in which the loans were used and there was a diversion temporary in the beginning and became permanent when the loans in favour of the various units of the Samaj given by the Central Construction Service were written off or treated as contributions and donations.

18.97 The loans which were taken by the Samaj carried a particular rate of interest and when out of those monies some loans were given to the Pradesh Unit they carried an amount of interest higher than what was being paid to Government. In the accounts for the year ending July 31, 1963 the amount of interest charged was Rs. 25,195.52. In other years the interest was merged along with the interest on Call Deposits and is not separately shown. As has been observed above, the fact that large amounts of money could be loaned out to the Pradesh Units or to the general activities of the Samaj militates against the urgency of the requirements of the Samaj which was emphasised in the notes of Mr. A. N. Malhotra and Mr. H. K. D. Tandon and which was endorsed by Mr. G. L. Nanda, the Minister for Planning and accepted by Mr. K. L. Rao, Minister for Irrigation & Power.

#### **Moneys advanced to Katihar Railway Unit.**

18.98 Between the period June 1960 and October 1960 a loan of Rs. 1 lac was given to the Katihar Railway Unit. From August 1961 to July 1964 the Katihar Unit paid interest amounting to Rs. 17,807.83 and out of the principal it returned Rs. 25,291.34 leaving a balance of Rs. 74,708.66. This was out of the loan for Rs. 2.5 lacs given for River Valley Projects by the Irrigation & Power Ministry. This was used *inter alia* for advances to Unit leaders and no steps were taken to recover these monies but were treated as contribution by the Central Construction Service to the Unit. The details of the works at Katihar are discussed later in the Chapters dealing with State Units and individual works.

#### **Bharat Sevak Samaj, Daltoganj, Bihar.**

18.99 To the Bharat Sevak Samaj Daltoganj in Bihar the Central Bharat Sevak Samaj

gave a loan of Rs. 25,000 on November 2, 1960. The purpose was stated to be construction work of Bakhtiarpur-Rajgir Railway. Out of this amount a sum of Rs. 15,000 was refunded to the Central Bharat Sevak Samaj on June 1963 leaving a balance of Rs. 10,000 plus interest amounting to Rs. 2,843.75 and that was treated as a donation in the account of Delhi works unit of 1966-67.

#### **Varanasi**

18.100 To the District Unit of Varanasi the Central Construction Service advanced a sum of Rs. 1,35,000 during the period August 23, 1960 and May 21, 1963. Another sum of Rs. 50,000 was advanced on September 15, 1964. These loans were mainly utilised for making advances to petty contractors superstitiously called piece-workers, employed by the District Unit, and in many cases they were never recovered. The whole of the loan of Rs. 1,35,000 was treated as donation and written off in the accounts for the year 1966-67. There is no further information as to whether the loan of Rs. 50,000 was repaid by the Varanasi Unit and if so when.

#### **Andhra Pradesh**

18.101 The Central Bharat Sevak Samaj Construction Service advanced a sum of Rs. 1,45,000/- during the period August, 1961 to July, 1962 for execution of works in Nagarjuna Sagar. Out of this a sum of Rs. 1,00,000/- only was repaid during the period December, 1961 to August, 1962 leaving a balance of Rs. 45,000/-. This sum was treated as a donation in the Profit & Loss account of Delhi works for the period ending March 31, 1966. There is no record to show the nature of action taken to recover the same and whether it had the approval of a competent body for treating the same as contribution.

18.102 Besides the above, a sum of Rs. 9,000 was advanced to Bharat Sevak Samaj, Andhra Pradesh. The date of advance and the purpose for which it was paid is not known. But this amount was also treated as

a contribution in the Profit & Loss accounts of Delhi works for the period ending March 31, 1967.

#### **Punjab**

18.103 Out of the loan received from the Planning the Central Bharat Sevak Samaj advanced a total of Rs. 20,000/- to Bharat Sevak Samaj Punjab Pradesh, Chandigarh on July 30, 1962 and September 21, 1962 i.e. Rs. 10,000/- on each occasion and these amounts were repaid with interest on December 21, 1962 and March 30, 1963. These loans were repaid out of the loan assistance of Rs. 2 lakhs given through the Punjab Government for the Construction Service of the Bharat Sevak Samaj Punjab, Chandigarh.

#### **Loans Sanctioned to the Pradesh Units of the Bharat Sevak Samaj.**

18.104 The Planning Commission made a provision under its "Public Cooperation" scheme for sanctioning loans to voluntary organisations of which the chief, if not the sole beneficiary was the Bharat Sevak Samaj really the Pradesh Units of the Bharat Sevak Samaj. As far as the evidence before the Commission goes, there was no other voluntary organisation which received loans. The procedure for the giving of these loans was that the Pradesh Units of the Bharat Sevak Samaj through the State Governments forwarded to the Planning Commission the applications made to them by the Pradesh Units and the Planning Commission then after consulting the Central Bharat Sevak Samaj sanctioned these loans in favour of the Pradesh Units through the State Governments and the loans were given by the State Governments to the different Pradesh Units of the Samaj.

18.105 Between the periods 1961-62 to 1965-66 the loans sanctioned in favour of 10 Pradesh Units of the Bharat Sevak Samaj amounted to Rs. 36,50,000/-. The following table will show the amounts sanctioned and

the balance remaining from each Pradesh Unit. The total amount which remained un-

paid comes to Rs. 23,84,968.74 plus interest thereon.

Name of the Pradesh unit of the B.S.S.	Year of Sanction	Amount of loan sanctioned	Balance of loan and interest which remains to be repaid by the B.S.S.	Financial result of the working of the Unit Profit or Loss
<i>Loss</i>				
1. Andhra Pradesh ..	1961-62	3,00,000	As on 31-7-72 Rs. 7,21,552.00	3,81,656.61 up to the period ending 30-9-66.
	1963-64	1,50,000		
	1965-66	2,50,000		
		7,00,000		
2. Rajasthan ..	1961-62	1,00,000	Rs. 2,59,000 plus interest	1,25,878.40 upto period ending 30-4-67 including Chambal.
	1962-63	2,00,000		
		3,00,000		
3. Gujarat ..	1962-63	5,00,000	As on 30-6-72 Principal and interest	2,88,196.30 upto the period ending 31-3-67.
	1964-65	1,00,000	Rs. 4,07,080.34	
		6,00,000		
4. Maharashtra ..	1962-63	5,00,000	NIL	
5. Manipur ..	1962-63	1,00,000	Rs. 2,80,000 plus interest	1,74,513.03 upto the period ending 1970-71.
	1963-64	2,00,000		
		3,00,000		
6. Mysore ..	1962-63	25,000	Rs. 2,15,000 plus interest	57,571.97 upto the period ending 31-3-66.
	1964-65	2,50,000		
		2,75,000		
7. Orissa ..	1962-63	50,000	Nil (Loan was not drawn)	
8. Punjab ..	1962-63	2,00,000	Nil	
9. Madras ..	1963-64	2,00,000	As on 30-12-1972 66,069.07	Upto the period ending 12/72.
			Principal Rs. 1,55,000	
			Interest—Rs. 73.086.40	
			Rs. 2,28,086.40	
10. Uttar Pradesh ..	1963-64	25,000	As on 28-8-1969	Upto the period ending 1965-66.
		5,00,000	Rs. 2,28,685.12 Principal	
		5,25,000	Rs. 2,74,250.00 plus interest	
		36,50,000	Rs. 23,84,968.74	

## Loans given by the Planning Commission through the State Governments.

### Andhra Pradesh

18.106 The Planning Commission sanctioned loans totalling Rs. 7 lacs—Rs. 3 lacs in 1961-62, Rs. 1.5 lacs on 29-1-1964 and Rs. 2.5 lacs on 26-3-1965 in favour of Andhra Pradesh Samaj through the Andhra Pradesh State Government mainly for the purchase of machinery and for financing works. Out of this a sum of Rs. 1,77,600/- was repaid. The balance outstanding as on March 31, 1971 inclusive of interest, after adjusting the amount realised from out of the machinery of Bharat Sevak Samaj seized by Government, is Rs. 7,21,552.

### Manipur

18.107 The Administration of the State gave a loan of Rs. 3 lacs to the Bharat Sevak Samaj, Manipur during the years 1962-63 and 1963-64. This money was made available by the Planning Commission for the purpose of being loaned to the Bharat Sevak Samaj and were sanctioned expressly for assisting the Manipur Bharat Sevak Samaj for the execution of construction works.

18.108 Out of the loan of Rs. 3 lacs only a sum of Rs. 20,000/- as principal and Rs. 4,500/- as interest was repaid and there was a balance of Rs. 2.80 lacs still due from Manipur Bharat Sevak Samaj. This loan was not repaid. The Samaj states that it has made a claim of Rs. 10 lacs against the Public Works Department and the disputes have been referred to arbitration.

18.109 It appears that a part of the loan was utilised for other expenses of the Samaj besides what was spent on construction activities. Moneys were advanced to other sections of the Samaj for other activities which shows a diversion of the funds given for a specific purpose. The loans *inter alia* were used for purchasing land for a multipurpose farm, for a brick field for a kiln, for the office building and for other units of the Samaj.

18.110 Besides the loans above mentioned, the Public Works Department sanctioned loans amounting to Rs. 13,85,673.75 for execution of individual works and out of these loans a sum of Rs. 40,533/- is still outstanding.

### Punjab

18.111 On November 17, 1962 the Planning Commission sanctioned a sum of Rs. 2 lakhs which was to be given by way of a loan by the Punjab Government to the Punjab Pradesh Bharat Sevak Samaj, Chandigarh. It was specifically meant for purchasing machinery and construction activities.

18.112 The books of account of the Punjab Bharat Sevak Samaj (Construction Service) show that the loan was utilised for repayment of loans taken from the Central Construction Service amounting to Rs. 18,500/-; a part of the money was kept in fixed deposit and a part in Call Deposit amounting to Rs. 1,75,000/- and the balance of Rs. 65,000/- was kept in current account. Thus, it would appear that the loan from the Punjab Government was not utilised for the purpose for which it was intended. However, the entire loan with interest was repaid during the period March 1964 to October 1968.

### Mysore

18.113 The Planning Commission sanctioned the following two loans to the Government of Mysore for extending loan assistance to the Mysore Pradesh Bharat Sevak Samaj for taking up Construction works in the State of Mysore:—

10(3)/62 Pub. 28-6-62	Rs. 25,000
10(3)/62 Pub. 19-3-65	Rs. 2,50,000

18.114 The loans were to be utilised by the Samaj for the purpose of purchasing machinery and equipments for constructional activities and as working capital.

18.115 The records produced before the Commission do not show whether the loans were or were not utilised for the purposes for which they were sanctioned.

18.116 Out of the loan of Rs. 2,75,000/- given to the Bharat Sevak Samaj by the Planning Commission through the Government of Mysore an amount of Rs. 2,15,000/- plus interest is yet to be recovered on account of principal. The books of account were not produced before the Controller of State Accounts who deputed a special audit party for auditing the accounts.

### Rajasthan

18.117 The Planning Commission through the Rajasthan Government sanctioned loans

totalling Rs. 3 lacs to the Rajasthan Unit of Bharat Sevak Samaj. Out of this Rs. 2,59,000/- on account of principal is outstanding and the interest thereon is also yet to be paid. The Rajasthan Unit has virtually no assets to repay the principal and the interest.

#### Gujarat

18.118 The Planning Commission through the Gujarat Government sanctioned loans totalling Rs. 6 lacs to the Gujarat Pradesh Bharat Sevak Samaj for purchase of machinery and for financing works taken up by the Gujarat Unit of the Bharat Sevak Samaj. Out of this, an amount of Rs. 4,07,080.34 is outstanding as on June 30, 1972 on account of principal and interest. The Gujarat Unit has virtually no assets to repay the loan and the interest.

#### Madras

18.119 The Planning Commission through the Madras Government sanctioned a loan of Rs. 2 lacs to the Madras Pradesh Bharat Sevak Samaj for the purchase of machinery and financing works taken up by that Unit. Out of this loan, Rs. 1,55,000/- was outstanding as on December 30, 1972 on account of principal and interest upto that date amounted to Rs. 73,086.40 thus making a total of Rs. 28,086.40. The Madras Unit of the Bharat Sevak Samaj has virtually no assets to repay the loan and the interest due thereon.

#### Maharashtra

18.120 The Planning Commission sanctioned a loan of Rs. 5 lacs to the Maharashtra Unit of the Bharat Sevak Samaj in the year 1962-63 through the State Government for purchase of machinery and for financing works. The Maharashtra Unit of the Bharat Sevak Samaj did not execute even a single work by itself but gave all the works taken up on sub-contract. The loan taken from the Planning Commission was actually not utilised on the works but a part of it was given to the Central Bharat Sevak Samaj for its own constructional activities. The loan was not repaid within the stipulated time and had to be recovered from out of the dues for work done in the year 1972.

#### Orissa

18.121 An amount of Rs. 50,000/- was sanctioned as loan to the Orissa Unit of the Bharat Sevak Samaj by the Planning Commission. This amount was, however, not

drawn. This, however, shows that the requirement of the loan was not correctly assessed and loans were being sanctioned just for the asking.

#### Uttar Pradesh

18.122 The Planning Commission sanctioned the following loans to the Uttar Pradesh Unit of the Bharat Sevak Samaj and two other units in that State, namely Bharat Sevak Samaj Varanasi and Bharat Sevak Samaj Dehra Dun through the State Government:—

1962-63	BSS Varanasi	20,000	} for construction works
1963-64	BSS Dehradun	5,000	
1963-64	BS.S UP Lucknow	1,15,000	} for purchase machinery and working capital
1963-64	BS.S. UP Lucknow	3,85,000	

18.123 The Receipt and Payment account of the Uttar Pradesh Bharat Sevak Samaj Construction Service for the year ending March 31, 1965 shows that the major portion of the loans was lying unutilised in current account with the United Commercial Bank, Aminabad, Lucknow (Rs. 4,79,159.50), Allahabad Bank, Hazratganj, Lucknow (Rs. 4,506.95) and a part in fixed deposits with the Allahabad Bank, Lucknow (Rs. 5,093.30). Thus, the major portion of the loan received from the Planning Commission through the State Government in the year 1963-64 remained unutilised for the purposes intended during the year 1964-65 also.

18.124 Out of the total loan of Rs. 5,25,000/- given through the Government of Uttar Pradesh, a sum of Rs. 2,74,250/- principal plus interest upto March 31, 1969 is still to be repaid by the Bharat Sevak Samaj Construction Service.

18.125 In respect of the loans sanctioned by the Government, the findings of the Commission are:—

- (i) The Government of India sanctioned sums totalling Rs. 45,80,000/- to the Central Bharat Sevak Samaj as loan for the purchasing of equipment required for the works entrusted to the Bharat Sevak Samaj and for the financing of those works. Out of that sum, Rs. 2.50 lacs were

sanctioned by the Ministry of Irrigation & Power. That amount was meant for meeting the expenditure on works allotted to the Samaj in the River Valley Project and the allied works under the Irrigation & Power Ministry and included in the Second Five Year Plan. The balance totalling Rs. 43.30 lacs was sanctioned by the Planning Commission.

- (ii) In respect of loans sanctioned by the Planning Commission none of the works executed by the Bharat Sevak Samaj were under the control of the Planning Commission but the Ministries under whose control these works were to be executed were not consulted before sanctioning the loans in favour of the Bharat Sevak Samaj. The Memorandum of the Association of the Bharat Sevak Samaj, i.e., the aims and objectives of the Samaj as put in their constitution, did not provide for taking up of construction contracts by the Bharat Sevak Samaj or for their taking loans for financing of these construction contracts. Therefore, there is considerable doubt as to whether the taking of loans by the Bharat Sevak Samaj was *intra vires* their constitution.
- (iii) Various concessions were given by the Ministries which entrusted contract works to the Bharat Sevak Samaj like exemption from payment of earnest money deposit and security deposit and payment of initial advances upto 25 per cent of the contract value in the beginning of the work for financing the works. By giving lumpsum loans for financing the works and purchase of machinery and equipment there was an amount of overlapping in the sense that the Ministries which entrusted the works to the Bharat Sevak Samaj gave advances for financing the works and the Planning Commission also gave loans and advances for the same purpose.
- (iv) Under Rule 155 of the General Financial Rules of the Government of India and the decisions thereunder even though there is a provision that the security offered for the loan

should be adequate and its value is to be at least 33-1/3 per cent above the amount of loan, no securities were insisted upon from the Bharat Sevak Samaj before the sanction of the loans. Even though the Samaj had agricultural land measuring about 159 bighas situated at village Balchappar, Tehsil Jagadhari in Ambala District, the same was not taken as security.

- (v) In respect of loans sanctioned by the Ministry of Irrigation & Power of Rs. 2.50 lacs even the machinery and equipments purchased out of loans was not got hypothecated to the Government so also in respect of loans of Rs. 7.50 lacs sanctioned on September 23, 1961 and Rs. 3.30 lacs sanctioned on March 24, 1962 by the Planning Commission. Even in respect of other loans though hypothecation deeds were executed in respect of moveable and immovable assets purchased out of the loans, the entire assets of the Bharat Sevak Samaj including those of the State units were not hypothecated but only moveable and immovable assets of the different units of the Construction Service for whose purchase the loans were given were got hypothecated.
- (vi) In respect of loans sanctioned by the Planning Commission the Ministries and Departments for the execution of whose works the assistance was given to the Bharat Sevak Samaj were not associated in ascertaining the utilisation of the loans.
- (vii) Even though the Bharat Sevak Samaj was to maintain separate accounts showing the utilisation of the individual loans, the loans were merged with their general funds and the terms and conditions of the loans were not complied with.
- (viii) One of the conditions of the loans given to the Bharat Sevak Samaj was that the Samaj was to submit audited statement of its accounts to the Government. The last instalment of the loans was repaid only in August, 1972, and the Samaj submitted its consolidated statement of accounts to the Government of

India only for two years, namely, 1964-65 and 1965-66. It has, however, rendered Audited Profit and Loss account of its Delhi Unit of the Central Construction Service for the years ending 31-3-1962 and 31-7-1963.

- (ix) Under the terms of loans the Bharat Sevak Samaj was to submit Annual Audited Accounts relating to the loans but these accounts were never submitted as the Samaj never kept loan accounts separately.
- (x) The Samaj did not repay the loans by the dates mentioned in the sanctions. There was undue delay in the repayment. Thus, even though the last instalment of the loans were due before 1-4-1968 the Samaj actually paid the last instalment only on 4-8-1972. In fact, the Samaj defaulted in the matter of repayment of instalments in respect of all the loans. Only in respect of one loan namely a loan of Rs. 12.50 lacs sanctioned for the Yamuna Barrage was there a provision for charging penal rate of interest. The Government had no remedial measures against the Samaj which had defaulted in respect of other loans.
- (xi) As a result of the default of the Samaj in the matter of repayment of loans, the Government had to ask the Departments which gave the contracts to the Bharat Sevak Samaj to withhold payment of the dues to the Samaj in respect of works executed by them and transfer them over to the Government adjusting towards amounts due for repayment of these loans and their interest.
- (xii) The Samaj did not conform to the condition that the loans were to be utilised only for the purpose indicated in the sanctions, but moneys were diverted to the other schemes of the Bharat Sevak Samaj and its sister institutions for carrying on their activities and on the whole an amount of Rs. 5,18,251.30 was so misutilised. The sections to which such diversions were made were the Social Welfare Section, General Administration Section of the Bharat Sevak Samaj, the Jan Jagaran Section, the Central Development Fund, the Publications branch, training centre, the Works Camp section, the Lok Karya Kshetra Section, the Bharat Sadhu Samaj and the Samyukta Sadachar Samiti. Out of these advances the Samaj ultimately wrote off Rs. 2,41,651.30 as irrecoverable.
- (xiii) Apart from diverting the moneys to the other sections, moneys were also advanced out of these loans to the different State district units and the total of those advances amounted to Rs. 10,08,233.01. No accounts were obtained by the Central Bharat Sevak Samaj from some of these units and there was no means of verifying how the loans were utilised by them.
- (xiv) The Samaj appeared to have had no control over the functioning of these units many of which continued to incur heavy losses and ultimately out of these advances amounts totalling Rs. 6,16,012.73 were written off as irrecoverable.
- (xv) The repayments, it appears, of the loans to the Planning Commission were delayed on account of advancing moneys to other Sections and to other units of the Bharat Sevak Samaj and the writing off of the amounts advanced to them due to their inability to repay these amounts.
- (xvi) As mentioned earlier the Bharat Sevak Samaj had prepared no separate accounts of the utilisation of the loans and the loans were merged with the funds of the construction service. The accounts of the Central Construction Service have been produced before this Commission only from the period ending 31-7-1963 and therefore, it has not been possible to verify how the loans sanctioned prior to that date were actually utilised. Similarly, the accounts of the Central Construction Service have been prepared in a consolidated form only up to the period 31-3-1966.



- (xvii) How the loans were utilised in the different works taken up by the Central Construction Service have been discussed while discussing the activities of the different units of the Central Construction Service.
- (xviii) As the loans given by the Government of India to the Central Construction Service were utilised by them for the purposes of the Central Construction Service as well as the different State Units, a complete picture of the utilisation of the loans will be available only in the consolidated accounts of the Central Construction Service of the Bharat Sevak Samaj and these consolidated accounts of the Central Construction Service have been prepared only for two years namely 1964-65 and 1965-66. The loans were ultimately repaid only in August 1972 and, therefore, no complete idea of utili-

sation of the loans for the entire period during which the loans were outstanding is available.

- (xix) The Planning Commission sanctioned loans totalling Rs. 36,50,000 to the 10 State units of the Construction Service of the Bharat Sevak Samaj through the State Governments. Out of these loans Rs. 23,84,968.74 *plus* interest remains unpaid to the various State Governments. The State Governments took no security from the Bharat Sevak Samaj under instruction from the Planning Commission. The different State Units of the BSS had made considerable losses and the Central Bharat Sevak Samaj did not have control over their functioning. The State Governments have reported that they are unable to recover the amounts from the Bharat Sevak Samaj as they have no assets.



**TABLE 18-A**  
(Referred to in para 18.13)  
**Loans sanctioned by the Ministry of Irrigation & Power and Planning Commission and their repayments.**

Sl. No.	Ministry	Sanction No. and Date	Loan amount	Date of drawal	Purpose for which loan was sanctioned	Rate of interest	Due date of repayment	Repayment of loan with interest	Remarks
1	Irrigation Power	& 24(6)59 Policy dt. 1-12-59.	Rs. 2,50,000	12-2-60	To meet expenditure on works allotted to the Samaj in River Valley Project and allied works done by Irrigation and Power Ministry included in the Second Five Year Plan.	3½%	Repayable in one instalment on 12-2-62.	Rs. 14-2-62 1,00,000 12-2-63 1,50,000  2,50,000  Interest 10-2-61 8,125 12-12-61 1,250 19-2-62 9,375 12-2-63 5,625  24,375	The BSS was given. subsidy of Rs. 3,250 to cover this difference between the normal rate of interest of 3½% and the rate of interest of 3½% originally fixed.
2	Planning Commission.	PC/Pub 8(46) 58, dt. 12-3-60.	5,00,000	26-3-60	For purchase of machinery and equipment required for constructional activities and for financing construction works.	4½%	To be repaid in 5 equated annual instalments on— 1-4-61 1-4-62 1-4-63 1-4-64 1-4-65 1-4-65	30-3-61 91,395.82 3-4-62 95,508.63 12-4-63 99,806.52 1-4-64 1,04,237.82 1-4-65 1,08,991.21  50,00,000.00	
3	Do.	8(4) 61-Pub dt. 23-9-61.	2,50,000	3-10-61	Do.	4% Interest of 3½% was enhanced to 4% as the repayment was made after one year.	In one year from the date of drawal of loan, i.e. on 3-10-62.	Interest 30-3-61 22,931.50 3-4-62 18,387.19 12-4-63 14,089.30 1-4-64 9,598.00 168.51 1-4-65 4,904.61  70,079.11  2,50,000.00	
							Interest 1-3-63 8,750.00 1-3-63 2,205.47 12-2-64 1,565.08  12,520.55		

Do.	8(4) 61-Feb 23-9-61.	5,00,000	3-10-61	Do.	4 1/2%	To be repaid in 5 equated annual instalments on
						1-4-62
						12-4-63
						2-4-64
						1-4-65
						30-3-66
						1-4-66
						1,02,799.98
						96,021.81
						1,00,342.80
						1,04,868.23
						95,977.22
						5,00,000.00

Interest
1-4-62
12-4-63
2-4-64
1-4-65
30-3-66
11,095.89
17,874.00
13,553.02
168.51
9,037.59
4,318.97
50,047.98

Do.	8(6) 62-Feb. 24-3-62.	3,30,000	31-3-62	For purchase of machinery and equipment required for constructional activi- ties and for financing con- struction works.	4 1/2%	In 5 equated annu- al instalments on
						30-3-63
						30-3-64
						30-3-65
						30-3-66
						29-11-67
						27-12-67
						27-12-67
						60,321.24
						63,035.70
						65,872.30
						68,836.56
						28,657.90
						37,729.47
						6,546.83
						33,000.00

Interest
12-4-63
1-4-64
1-4-64
14-8-64
30-3-65
29-3-66
29-11-67
27-12-67
14,850.00
12,135.54
120.48
18.54
9,298.94
6,334.68
5,392.10
164.73
48,305.01

TABLE 18-A—contd.

Sr. No.	Ministry	Sanction No. and Date	Loan Amount	Date of drawal	Purpose for which loan was sanctioned	Rate of interest	Due date of repayment	Repayment of loan with interest	Remarks
Ra.									
6	Planning Commission	8(15) 62-Pub dt. 18-12-62.	5,00,000	26-12-62	For purchase of machinery and equipment required for constructional activities and for financing construction works.	4½%	Repayable in 5 equated instalments on 1-4-64 1-4-65 1-4-66 1-4-67 1-4-68	Rs. 2-4-64 91,395.82 1-4-65 95,508.64 30-3-66 99,806.52 27-12-67 15,397.44 10-4-68 27,438.25 19-5-69 22,357.65 22-5-69 17,712.22 4-8-72 1,30,383.46 5,00,000.00	
Interest									
							12-4-63 5,917.81 2-4-63 22,500.00 8-75 8.75 14-8-64 14.04 1-4-65 18,387.18 30-3-66 14,089.30 26-12-67 16,697.90 10-4-68 2,561.75 22-5-69 54.78 4-8-72 18,759.14		
								1,07,480.61	
Do.		8(15) 62-Pub dt. 18-12-62.	19,00,000	26-12-62	Do.	4½%	Do.	2-4-64 1,82,791.64 1-4-65 1,91,017.26 30-3-66 1,99,612.04 27-12-67 1,13,866.70 10-1-69 50,944.82 2-1-69 1,61,769.94 19-5-69 67,440.10 4-8-72 33,936.41	
								10,00,000.00	
Interest									
							12-4-63 11,835.62 2-4-64 45,000.00 2-4-64 21.81 14-8-64 28.08 1-4-65 36,744.38 30-3-66 28,178.60		



27-12-67	33,395.89
10-1-69	540.61
2-1-69	11,615.37
19-5-69	1,712.29
4-8-72	5,468.40
	<hr/>
	1,74,566.66

9 (35) 64 Feb dt. 12,50,000 30-3-65 For financing the Construction of Yamuna Barrage.

4 1/2%

In case of default in repayment of the instalment, 14 1/2% interest at 14 1/2% per annum to be paid by the borrower. The rate of interest was to be recovered.

29-5-68	8,51,969.30
17-7-68	2,35,076.88
17-9-68	17,714.05
2-1-69	8,26,013.66
4-8-72	19,236.11
	<hr/>
	12,50,000.00

Interest	
27-12-67	1,04,154.87
29-5-68	36,917.80
17-7-68	8,912.75
17-9-68	11,394.63
4-8-72	4,821.61
	<hr/>
	1,74,634.19



**TABLE 18-B**  
(Referred to in para 18.82)  
*Diversions to Head Office*

<i>Receipts—</i>			<i>Disbursements—</i>		
Ledger Page	Date	Loan received Amount	Ledger Page	Date	Amount
Page 67—8/64 to 2/65	30-3-65	Rs. 12,50,000	page 82—8/64 to 3/65	30-3-65	Rs. 6,00,000 (On this date the Yamuna Barrage Unit owed the Head Office a sum of Rs. 4,83,160.88, as such the real diversion is of Rs. 1,16,839.12).
Page 163/I	12-5-64	5,00,000	69/I 1964-65	18-5-64	5,00,000 (For repayment of outstanding loans of Rs. 5,29,000 from the Head Office).
Page 163/I	15-6-64	5,00,000	69/I 1964-65	18-6-64	4,00,000 (For repayment of outstanding loans of Rs. 3,29,000 of Head Office). Actual diversion Rs. 71,000.00.
Page 70/II	18-11-64	10,00,000	70/II	18-11-64	1,70,355.08 (Against the repayment of outstanding loan of Rs. 37,853.00). Actual diversion Rs. 1,32,502.08.
Page 70/II	28-1-65	5,00,000 (Actually received Rs. 2,50,000 balance adjusted by PWD towards repayment of earlier loan).			
Page 870/1965-66	18-11-65	2,00,000	802	20-11-65	1,00,000.00 (On this date in addition to this amount Head Office owed also Rs. 4,16,320.70 to Yamuna Barrage Account).
Page 870/1965-66	18-11-65	8,00,000	Page 303	22-2-66	5,00,000
			Page 303	17-8-66	2,00,000 (Balance due to Yamuna Barrage from Head Office as on 31-3-66, Rs. 12,10,100.40).
			Page 16/ 1966-67	5-4-66	2,00,000
			Page 17	6-7-66	1,00,000
			Page 19	1-11-66	4,09,000
			Page 156 & 157 1966-67	21-3-67	2,00,000 (Balance due to Yamuna Barrage from Head Office Rs. 22,59,569.74 on 31-3-67).

TABLE 18-C

(Referred to in para 18.88)

Details of loan	What was the security given	Was the Machinery to be hypothecated as per agreement	Was the machinery hypothecated	When was it hypothecated	Did the BSS have any assets including machinery on the date of sanction of loan
1. Rs. 2.50 lacs dated 1-12-59	No security	Ministry of Irrigation & Power	No security taken		Yes, furniture, etc.
2. Rs. 5.00 lacs sanctioned on 20-3-60	No security	As per clause (iv) of the agreement, the Samaj was to charge and hypothecate all moveable machines, tools, implements, stores, spares which shall be purchased by them with the loan and also to hypothecate all his moveable assets together with all present & future book debts, bills outstanding, monies receivable, claims and all other moveable properties of whatever description belonging to him.	Machinery worth Rs. 1,06,372.72 was hypothecated.	10-5-63	As per Samaj's letter No. 604(40) A-PC/58, dated 25-10-58 to Planning Commission the assets includes :— (i) Furniture, office equipment, tools, publicity materials, jeeps, cars, etc. (ii) Land measuring about 159 bighas situated at village Bal Chapper Tehsil Jagadhri, Ambala.
3. Rs. 5.00 lacs & Rs. 2.50 lacs sanctioned on 23-9-61.	—	do	Nil		As above.
4. Rs. 3.30 lacs sanctioned on 24-3-63.	—	do	Nil		As above.
5. Rs. 5.00 lacs sanctioned on 18-12-62.	—	The Samaj was to mortgage agricultural land measuring 100 bighas 18 biswas situated in the Area of village Hastal and also to hypothecate all moveable property, machine, tools, implements, stores and spares which shall be created or purchased with the loan and hypothecate all his moveable assets worth together with all present & Proper book debts, moneys receivable etc.			
6. Rs. 10 lacs sanctioned on 18-12-62.	—	The Borrower was to hypothecate all moveable property, machines tools, implements etc., which shall be created purchased with the loan and also to hypothecate all moveable assets together with all present and future book-debts bills outstanding, moneys receivable claims and all other moveable properties of whatever description belonging to him.	Machinery valued at Rs. 834,893.80 was hypothecated.	11-12-63	
7. Rs. 12.50 lacs sanctioned on 27-3-65.	—	do	Machinery valued at Rs. 10,10,142.91 was hypothecated.	1-11-66	Machinery valued at Rs. 4,39,229.93 had already been in possession of the Samaj before sanction of loan.

TABLE 18-D

(Referred to in para 18.93)

Loan advanced to various units by Central Construction Service out of the loans ~~received~~  
from Govt. of India.

Sl. No.	Name of the Unit	Amount Advanced		Refund if any		Balance	Remarks
		Date	Amount	Date	Amount		
			Rs.		Rs.		
1	BSS Jaipur (Chambal Samiti).	7-3-60	50,000.00	8/62	50,000.00	—	—
2	Bulandshahr ..	7-3-60	1,000.00	8-6-60	500.00	500.00*	(*Treated as contribution in 1965-66).
3	Meerut ..	26-5-60	3,000.00	19-6-61	3,000.00	—	—
4	Katihar Rly. Construction Unit.	24-6-60 28-7-60 23-9-60	50,000.00 25,000.00 25,000.00	7-5-62	25,000.00	75,000.00*	(*Treated as contribution in 1965-66).
			1,00,000.00				
5	Agarthala (Tripura) ..	28-7-60	5,000.00	26-12-61 16-4-62 26-4-62	2,000.00 2,000.00 1,000.00	—	—
					5,000.00		
6	Bihar, Patna ..	31-10-60	25,000.00	7-6-63	15,000.00	10,000.00	Balance not shown in the Balance Sheet as on 31-3-1967.
7	Saupal, Bihar ..	3/65	1,000.00			1,000.00	Amount written off in 1966-67.
8	Saupal & Katihar ..		8,867.85			8,867.85	do
9	Daltonganj ..		25,000.00		15,000.00	12,843.75	Treated as contribution in 66-66. (Includes interest Rs. 2,843.75).
10	Varanasi ..	23-8-60 10-10-60 24-1-61 3-11-62 2-1-63 14-1-63 9-3-63 21-5-63	10,000.00 10,000.00 5,000.00 10,000.00 20,000.00 10,000.00 20,000.00 50,000.00	—	—	1,35,000.00	—Written off in 66-67.
			1,35,000.00				
11	Varanasi ..	15-9-64	50,000.00	—	—	—	No balance shown in the balance sheet as on 31-3-67.
12	Mysore, Bangalore ..	22-6-62	10,000.00	—	—	10,000.00	Written off in 66-67.
13	Mysore Pradesh ..	10-12-63	5,000.00 5,000.00	—	—	10,000.00	Balance not shown as on 31-3-67.
			10,000.00				



TABLE 18-D—contd.

Sl. No.	Name of the Unit	Amount Advanced		Refund if any		Balance	Remarks
		Date	Amount	Date	Amount		
14	Nagarjuna Sagar (AP) ..	23-8-60	Rs. 75,000.00	23-12-61	Rs. 20,000.00	45,000.00	Treated as contributions in 1965-66.
		31-10-61	20,000.00	2-3-62	55,000.00		
		A 4-4-62	25,000.00	B 10-8-62	25,000.00		
		6-7-62	25,000.00				
			1,45,000.00		1,00,000.00		
15	Andhra Pradesh ..	Not known	9,000.00			9,000.00	Written off in 66-67.
16	Punjab, Chandigarh ..	28-7-62	10,000.00	27-12-62	5,000.00	—	—
		27-9-62	10,000.00	6-4-63	15,000.00		
			20,000.00		20,000.00		
17	Orissa Pradesh ..	24-5-62	25,000.00	16-8-62	1,500.00	—	—
					23,500.00		
					25,000.00		
18	Orissa Pradesh Construction Committee, Cuttack.	19-3-64	25,000.00	24-8-64	25,000.00	—	—
19	Dehradun (U.P) ..	15-10-62	5,000.00	16-4-63	5,000.00	—	—
20	Gorakhpur ..	3-11-63	10,000.00	25-11-64	3,000.00	7,000.00	Treated as contribution in 1965-66.
21	Gorakhpur District ..		2,03,794.94			2,03,984.94	do
22	Kerala Pradesh ..	21/23-8-63	25,000.00	28-1-65	12,500.00	12,500.00	12,500 written off in 1966-67.
23	Manipur ..	10-9-63	25,000.00	—	—	25,000.00	Written off in 1966-67.
24	BSS Manipur Pradesh ..		3,028.00	—	—	3,028.08	Amount written off in 1966-67.
25	Gujarat ..	10-10-64	40,012.00	10-11-64	40,000.00	1,200.00	Treated as contribution in 1965-66.
26	BSS Gujarat ..	22-2-66	25,000.00	—	—	25,000.00	Written off in 1966-67.
27	Delhi Pradesh ..		23,530.14	—	—	23,530.14	Treated as contributions in 1965-66.



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